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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,686 Weekend November 5/November 6 1988 D 8523 A

PLUMB CENTER
WOLSELEY
The name behind the name.

WORLD NEWS

Moscow acts to tackle food shortage

Food shortages threatening the Soviet reform movement have prompted the country's leaders to switch resources and political priorities to the agricultural sector. Soviet leader Mikhail Gorbachev, facing a consumer outcry about the failure to improve food supplies, told Politburo members the problem must be resolved at all costs. Page 22

Moscow suspended

Lord Mackay, the Lord Chancellor, was suspended from the office of elder in the strictly Protestant Free Presbyterian Church. His offence was attending a Roman Catholic Requiem Mass. Page 22

Mexican unions clash

One person was killed, 22 were hurt and 173 arrested after rival Mexican labour unions clashed with pistols, clubs and firebombs in a hotel lobby. One union was trying to intimidate musicians controlled by the other. Page 2

Spain seeks UK's help

Spain has asked for British police officers to be sent there during summer to help handle unruly British holidaymakers. Home Secretary Douglas Hurd said Britain would look at the idea "sympathetically". Page 2

Punjab bombs kill 47

At least three bombs exploded simultaneously in the north Indian town of Chandigarh, killing at least 17 people and injuring 45 in the crowded bazaar. Page 2

Albanian quits

Ekrem Arifi, a leading Albanian politician in the Yugoslav province of Kosovo, resigned, apparently under pressure from Serbia. The resignation came as the Communist Party postponed a meeting that was to have tried to defuse tension between Serbia and Albanians. Page 2

Lange seeks minister

New Zealand Prime Minister David Lange sacked Richard Prebble, his minister for state-owned enterprises, and precipitated a cabinet row over selling state assets. Page 2

Backing for Shamir

Israel's National Religious Party is to back Prime Minister Yitzhak Shamir to lead a nationalist-religious coalition government. Page 2

BUSINESS SUMMARY

Employment rise boost for Bush

US employment for last month showed a surprisingly large rise, with civilian unemployment falling to its June level of 5.3 per cent, its lowest level since 1984. The figures gave Vice-President George Bush, US Republican candidate in the presidential election, a strong theme in the final days of his campaign. Page 22; Markets, Page 13

FT ORDINARY Index closed at 1,485.8, a fall of 3.9 on the day. Over the week it fell more than 16 points, as the dollar's weakness hit the major exporting stocks. London Stock Exchange, Page 15

LEISURE Investments, snooker, amusement arcade and restaurant group, made a recommended £170m bid for Land Leisure, the company built by financier Peter de Savary, Page 22

GPC, UK merchant banking group, taken over last year by Kipkorit of New Zealand, sold a 14 per cent stake in Guinness Peat Aviation, the privately owned Irish company and the world's largest aircraft leasing group. The shares are to be placed, with Irish institutional investors for \$215m (£122m). Page 2

BRITISH Petroleum plans to spend \$50m in building shops at many of its filling stations. Page 4

AN OFFICE of Fair Trading eight-month investigation concluded that supermarkets were not colluding over the prices of baked beans. Page 4

LONBRO: an attempt by the trading community to reveal the identity of the holders of a large block of its shares revealed a possible weakness in the 1985 Companies Act, according to a High Court judge. Page 4

TAIWAN'S Finance Ministry is to allow banks to set up branches wherever they choose. Previously only three banks were permitted to operate overseas in about 20 locations. Page 3

A JAPANESE parliament opposition member resigned over his secretary's claimed involvement in the country's stock market scandal. Page 2

TEKAS AIR, US airline holding company, remained deeply in loss at the third quarter. Page 10

FRENCH stock exchange published details of the capital adequacy ratios it plans to apply to member firms from December. Page 10

EUROPEAN Commission and Soviet officials ended exploratory talks aimed at beginning negotiations on the first trade and economic co-operation between the Soviet Union and the European Community. Page 4

SAHENA, Belgium national airline, was fined £100,000 (£25,000) by the European Commission for refusing to give a low-fare Irish-owned airline access to its computer reservation system. Page 2

TARMAC, construction and building materials group, is poised to merge with Baberoid, roofing materials company, after resigning the Office of Fair Trading not to recommend referral of its agreed cash bid to the Monopolies and Mergers Commission. Page 8

US computer systems attacked by 'virus'

By Louise Kehoe in California

COMPUTER systems at universities and government research laboratories throughout the US have been attacked by a "virus" program in the most serious incident of its kind. The attack has temporarily crippled hundreds of computers and raised widespread concern about the vulnerability of computers which communicate through public telephone networks. While the virus infection has apparently caused no permanent damage, some experts

fear it may still be spreading and has probably already reached computer networks in Australia and Europe. A computer virus is an errant computer program, deliberately designed to wreak havoc in the target computer system. The virus program replicates itself over and over again, eventually consuming the memory banks of the computer system. The worst computer viruses attack files, destroying programs and stored data. This latest virus appears, however, to be relatively harmless, causing only temporary difficulties. The attack is believed to have begun late on Wednesday night at the Lawrence Livermore Laboratory at Berkeley, California, where top secret research on nuclear weapons and the "Star Wars" Strategic Defence Initiative, is conducted. However, computers containing classified information were not affected, a laboratory official said. Although detected early on, the virus spread quickly through the computer net-

works that link researchers at leading institutions throughout the US. Dozens of universities and defence laboratories have already confirmed that they have been affected. "It is spreading like wildfire," said the University of Illinois at Champaign-Urbana. Among US Government research laboratories, the National Aeronautics and Space Administration's Ames and Jet Propulsion Laboratories in California and the Los Alamos National Laboratory in New Mexico were infected.

Mr Ralph Gorin, Stanford University's director of academic information resources, said the virus was hidden in a program called Summit, which is widely used to exchange messages over computer networks. The virus primarily affected computers manufactured by Digital Equipment and Sun Microsystems running the popular UNIX operating system. All types of computers equipped with modem links to electronic mail systems may, Continued on Page 22

Maxwell to abandon printing for publishing

By Raymond Snoddy

MR Robert Maxwell, chairman of Maxwell Communication Corporation, has decided to pull out of printing to concentrate on publishing. BPC, the largest commercial and contract printer in the UK, will be sold and further printing disposals are expected. The decision was taken within hours of Mr Maxwell acquiring Macmillan, the US publisher, in a deal that valued the company at \$2.6bn (£1.5bn). Mr Maxwell said yesterday: "These moves represent a major strategic refocusing of our business in the publishing arena on both sides of the Atlantic." The publisher of Mirror Group Newspapers added: "It will allow us to concentrate our resources on maximising the enormous opportunities for developing the excellent cash-flow businesses we are acquiring together with those we already own. Macmillan will be run by Mr Kevin Maxwell, the sixth of Mr

Maxwell's seven children, who is a deputy chief executive of MCC, as is his brother Ian. Mr Kevin Maxwell, 28, once worked for CBS, the US company, as head of its British academic and professional publishing operations before returning to the family business. It is almost certain that Mr Edward Evans, chairman of Macmillan, who was responsible for reviving the company's fortunes during the past eight years, will go. He was closely identified with the bitter battle to try to prevent Mr Maxwell taking over the publisher. Mr John Holloran, chief executive of BPC and executive vice-chairman of MCC, is strongly believed that the disposals, which would happen as quickly as possible to reduce debt, would reposition the group as one of the world's leading publishing and communication companies. A striking change of direction, Page 6; City applause for the Maxwell empire, Page 6; Lex, Page 22

Mirror Group Newspapers is favourite to take over the newspaper printing division, which was only separated two and a half years ago, largely for industrial relations reasons. The newly-integrated business is then likely to be floated on the Stock Exchange next year. MCC's US printing business will be retained until Macmillan and this week's other US deal - the \$750m agreement to buy most of the Official Airline Guides division of Dm & Bradstreet - have been integrated. In the end, however, the US printing companies, acquired during the past two years, will also go. MCC said yesterday it strongly believed that the disposals, which would happen as quickly as possible to reduce debt, would reposition the group as one of the world's leading publishing and communication companies. A striking change of direction, Page 6; City applause for the Maxwell empire, Page 6; Lex, Page 22

Soviet Union suspends Afghan troop withdrawal

By Quentin Peel in Moscow

THE Soviet Union has ceased withdrawing troops from Afghanistan and has boosted the arms and equipment of its remaining forces there, it revealed yesterday. At the same time, it hinted it might no longer stick to its agreement to pull out the remaining 50,000 troops by February 15. The decision was announced yesterday by Mr Alexander Bessmertnykh, the Soviet first deputy Foreign Minister, who alleged violations of the Geneva agreement on Afghanistan by Afghan opposition forces, the US and Pakistan. He said the Soviet Union intended to keep to the Geneva agreement timetable but warned this depended on other parties complying with the agreement, which bans outside interference in Afghanistan. "The Soviet troops... will be withdrawn in honourable conditions," he said. "Those conditions which the bandits and opposition are now trying to impose on us do not provide the conditions for such a withdrawal." He again denounced the Afghan guerrillas for refusing to negotiate with the Soviet-backed regime in Kabul, the Afghan capital. At the same time he called for a ceasefire and the beginning of negotiations to establish a coalition government in Afghanistan. President Reagan expressed disappointment but said it was important to note Moscow's statement that the suspension was temporary. Mr Martin Fitzwater, White House spokesman, said Soviet action in Afghanistan "can only increase tensions in the region and raise speculation that they

aren't going to live up to the Geneva accords. We expect them to... and hope that is what their intentions are." Mr Bessmertnykh said Soviet troop withdrawals had been suspended and that more powerful missiles had been delivered to the Afghan armed forces. Soviet regiments, armed with "more sophisticated equipment," were being sent to replace those ending their tour of duty. The announcement confirms a much tougher Soviet line on Afghanistan since Mr Yuri Vorontsov, also a first deputy Foreign Minister, was sent to Kabul as Soviet ambassador last month. It also underlines, however, the Soviet dilemma in seeking to extricate itself from an unwinnable war while trying to prevent the imminent collapse of its ally in Kabul. Mr Bessmertnykh said accusations in the West of a build-up of Soviet troops, and of extra Soviet military aircraft being delivered to Afghanistan, were deliberate fabrications aimed at "diverting world public attention away from the stark violations of the agreements by US-backed Pakistan." Absolute quantities of Soviet personnel and equipment was not being increased, he said. Mr Bessmertnykh said that in the past month alone, 230 civilians had been killed by Afghan guerrillas, with 530 seriously injured as a result of rocket shelling of cities and villages. In Kabul and its surrounding province, 750 civilians had been killed since May 15. Soviet military units had been attacked on 555 occasions since June 1987. Soviet troops have been accused of causing food shortages, Page 22

Thatcher well received in the home of Solidarity

By Robert Mautner and Chris Bobinski in Gdansk

MRS Margaret Thatcher, the British Prime Minister, yesterday visited Gdansk, the home of Solidarity, where thousands of people and shipyard workers gave her an exceptionally rousing welcome as she walked through the centre of the Old Town and laid a wreath on the Shipworkers' Memorial. The huge concrete and metal structure was erected by Solidarity to commemorate workers shot by police and soldiers during the Gdansk strikes of 1970, which were sparked off by the announcement of large food price rises. Workers from the neighbouring Lenin Shipyard stood on the roofs of buildings on the perimeter of the square and clapped and cheered the Prime Minister as she moved around the crowd. Mrs Thatcher met Mr Walesa and other leaders of his union in Gdansk, the home of Solidarity, where thousands of people and shipyard workers gave her an exceptionally rousing welcome as she walked through the centre of the Old Town and laid a wreath on the Shipworkers' Memorial. The huge concrete and metal structure was erected by Solidarity to commemorate workers shot by police and soldiers

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ing the Polish Government had to find its way forward in concert with Solidarity and other "independent" groups. Political and economic freedoms were intertwined, indivisible. She said: "My talks with Solidarity have given me a much deeper understanding of the situation in Poland and of the hopes and yearnings for greater freedom and democracy." During her meeting with Mr Walesa she said Solidarity was "a great movement" which was more than just a trade union. Mr Walesa said Solidarity's main objective was the creation of a pluralistic political system by what he called "an evolutionary process." The trouble with Poland was that it was run on a system of Continued on Page 22

Bond sells banking stake

By David Waller and David Lascelles

MR ALAN BOND yesterday raised £160m from the sale of his 14.9 per cent holding in Standard Chartered, the international banking group. The move fuelled speculation that the Australian entrepreneur is gearing up for a full, hostile bid for Lonrho, the London-based multinational in which he has a 20 per cent stake. Together with £24m from the sale of his holding in M&G, the fund management group, Mr Bond has this week raised enough to add another 10 per cent to his Lonrho holding. Lonrho shares surged in anticipation of further moves, both from Mr Bond and from Mr "Tiny" Rowland, Lonrho's chief executive who in recent days has taken his personal holding in the company from

15 to 15.6 per cent. The shares breached the 400p mark for the first time, closing 457 1/2p ahead of 418p, after 15m shares changed hands. The company is now capitalised at £1.85bn. Neither Mr Bond nor Mr John Richardson, chief executive of Bond's UK and European operations, would comment on the sale. Mr Bond's demand for Mr Bond to put his intentions in writing. "Until then, there will be no meeting between Mr Bond and Mr Rowland," said Mr Terry Robinson, a Lonrho director. Mr Robinson cast doubt on Mr Bond's ability to finance a bid, drawing attention to the level of indebtedness at Mr Bond's principal vehicle, Bond Corporation. At the company's recent annual meeting, it was revealed that its debts stood at

£47m (£2.24). Mr Bond acquired the Standard Chartered stake this summer when Bond Corporation acquired the Bell Group. Mr Robert Holmes & Court's former investment vehicle. Mr Bond had made it clear he wanted to sell the stake, but Standard refused to release Mr Bond from his obligations. It was given by Bell to hold the stock until yesterday. On Thursday, Mr Richardson said Mr Bond had decided to pull out of UK financial services. His stakes in non-financial companies include 11.1 per cent of Allied-Lyons, the food and drinks group; 3 per cent of Morgan Grenfell, the merchant bank; and 14.9 per cent of TV-am. Continued on Page 22

MARKETS

STERLING
New York lunchtime: \$1.7845
London: \$1.7855 (1.7825)
DMS: 1075 (3.1075)
FF10.8 (10.785)
SF2.625 (2.645)
Y221.25 (same)
E Index: 787.7 (78.6)
GOLD
New York: Comex Dec. \$421.1
London: \$420.5 (422.25)
SI SMA OIL (Airbus)
Brent 15 day Nov \$12.725 (12.575)

DOLLAR
New York lunchtime: DM1.738
FF16.127
SF1.506
Y125.575
London: DM1.794 (1.7715)
FF16.1175 (16.05)
SF1.5085 (1.4945)
Y125.3 (124.15)
\$ Index: 95.5 (94.5)
Tokyo close: Y124.53

STOCK INDICES
FT-100 Index: 1,894.3 (-3.3)
FT Ordinary: 1,485.8 (-3.9)
FT-AIR share: 958.6 (-0.1%)
FT-A long gilt yield: 9.18 (9.13)
Index high company: 9.18 (9.13)
New York lunchtime: DJ Ind. Av. 2,168.29 (-4.06)
Tokyo Nikkei: 27,983.25 (-32)
LONDON MONEY
5-month interbank: closing 12 1/4% (same)

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Arnold Wilson goes skiing in Zermatt and looks at a children's resort in Colorado
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Ben Wright calls for a rethink in the design of golf courses
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Three pages of business books
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OVERSEAS NEWS

Swift agreement reached on Brazilian social pact

By Ivo Dawny in Rio de Janeiro

TRIPARTITE talks on an anti-inflationary "social pact" between the Brazilian Government and representatives of unions and business were successfully concluded at breakfast early yesterday.

but the rise to a combination of the social pact agreement with forecasts that year-end growth may reach 1.5 per cent of gross domestic product - markedly better than the zero figure predicted earlier.

commitments to negotiate its package of fiscal adjustments with the two private sector partners. Mr Malison da Nobrega, the Finance Minister, wants to take the axe to a wide range of tax incentives and subsidies as the next stage of his long battle to reduce the public sector deficit.

Bush exploits fiscal problems in Dukakis's home state

By Lionel Barber in Washington

VICE PRESIDENT George Bush yesterday sought to exploit the continuing fiscal problems in Governor Michael Dukakis's home state of Massachusetts.

embarrassing for Mr Dukakis who has made managerial competence during his 10 years as state governor a centrepiece of his campaign.

Mr Dukakis has spent much of his campaign dodging accusations that he is a "tax and spend liberal". He now faces an angry legislature back in his home state.

Spain takes full stake in EFA project

By Peter Bruce in Madrid and David White in London

LINGERING doubts about the future of the £22bn European Fighter Aircraft (EFA) programme were removed yesterday when Spain announced it would sign up for its full 13 per cent share of the project alongside Britain, West Germany and Italy.

The other three signed a memorandum of understanding in May to go ahead with developing prototypes of the aircraft at a total cost of about £5.5bn, expecting Madrid to clear its part of the funding shortly afterwards.

The question of Spain's commitment has reached the highest political level, with France slugging it out with Spain to join the rival French Rafale project and US manufacturers actively seeking partnerships for updated versions of the F-16 and F-18 fighters.

INDIAN TROOPS PATROL CAPITAL AFTER COUP ATTEMPT Rebel Maldive forces 'surrounded'

By David Housego in Colombo and K K Sharma in New Delhi

INDIAN naval vessels yesterday surrounded a boat carrying the mercenaries who staged the abortive coup d'etat against the Maldivian regime of President Maumoon Abdul Gayoom. Maldivian television reported last night.



President Gayoom's 'Government in control' as possible, Mr Rajiv Gandhi, India's Prime Minister, told Parliament yesterday.

the invasion might remain closed yesterday. In regional terms, the Indian intervention sets an important precedent in giving India a peace-keeping role beyond her frontiers.

The US, the Soviet Union and "other friendly countries" had been informed of the Indian intervention and all had endorsed the action.

There were unconfirmed reports that Indian forces had already taken over the cargo ship, believed to be Maldivian-registered.

Meanwhile heavily armed Indian troops were patrolling the capital yesterday, after the coup collapsed overnight.

Mr Gandhi said more Indian troops landed in the Maldives early yesterday and captured some armed rebels. They were now continuing mopping-up operations.

The decision by the mercenaries to slip quietly away in a boat explains the eerie calm that descended on Male throughout Thursday night.

EC criticises Bonn lorry tax

By David Goodhart in Bonn and William Dawkins in Brussels

WEST GERMANY'S decision to hold up liberalisation of the EC road transport industry by imposing a tax on foreign lorries entering the country was yesterday sharply criticised by the European Commission and several other member countries.

Mr Stanley Gilmartin, the European Commissioner for Environment and Transport, called on Bonn to think again and warned that the Brussels authorities would want to ensure that such a scheme did not contravene EC laws on trade restrictions between member states.

This follows an agreement between member states last June, made possible only by a big political sacrifice from a Bonn Government keen to defend its highly protected transport industry.

Paris and Bonn to set up joint TV network

By David Marsh in Bonn

THE FRENCH and West German governments yesterday agreed to set up in 1990 a joint television network to distribute cultural programmes in several languages through European satellite and cable transmission.

Falklands negotiations sought

By Gary Mead in Buenos Aires

MR EDUARDO ANGELOZ, Argentina's Radical Party candidate for next May's presidential election, has firmly rejected any suggestion of opening talks with Britain without consideration of sovereignty over the Falkland Islands.

opponent for the presidency, Mr Carlos Menem, who is on a European tour to "improve the image" of his Peronist party. This week, in Madrid, Mr Menem said he wished to strengthen Argentina's economic ties with the European Community, which could only happen if Argentina and Britain restored relations broken after the Falklands invasion in 1982.

Diplomatic relations between Argentina and Britain were ruptured in 1982, and a "state of hostilities" persists.

Moscow denies S African uranium claim

By Quentin Peel in Moscow

THE Soviet Union yesterday denied it has ever awarded a licence to South African or Namibian uranium.

Swiss launch inquiry into drugs operation

By John Wicks in Zurich

SWISS authorities and a leading Swiss bank are investigating allegations of a major money-laundering operation, which involved access to its computer reservation system.

Sabena fined under EC competition regulations

By William Dawkins in Brussels

SABENA, Belgium's national airline, was yesterday fined £100,000 (£65,000) by the European Commission for refusing to give a low-fare high-speed service to its computer reservation system.

First member quits Diet over market scandal

By Stefan Wagstyl in Tokyo

AN OPPOSITION member of the Japanese Diet (Parliament) resigned yesterday over his secretary's alleged involvement in the country's stock market scandal.

UK policy on HK under fire

By William Dullforce in Geneva

BRITAIN'S record in Hong Kong was sharply queried in the UN Human Rights Committee this week, criticism focusing the lack of direct elections to the legislative council, excessive police powers and threats to press freedom.

the end of the 1 1/2-day hearing. China has not signed the covenant.

international covenants on human rights.

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Mexican union discord swells into cacophony of violence

By Richard Johns in Mexico City

ANARCHY reminiscent of the wild west, though without any horses in the cast, erupted in the chic, middle class quarter of Mexico City on Thursday night.

Two people were almost certainly left dead (despite the denial of the Chief Prosecutor) and at least 15 people were injured, several of them badly.

astery programme and this year's pay freeze is building up in the run up to the assumption of power by president-elect Carlos Salinas de Gortari.

feasting resentment for the musicians' section of the mainstream Confederation of Mexican Workers (CTM) led by Mr Venustiano "Venu" Reyes, a prominent band leader in the style of Glen Miller, but a notoriously tough union boss and more like Frank Sinatra in manner. Reyes was not apparently leading the CTM mob nor were any violin or cello cases observed.

nos (CROC). It was formed in 1952 by dissident unions but has generally followed the lead of the giant CTM on labour issues.

how the two fatalities - unofficially confirmed by the Red Cross, who did not identify the dead men - had occurred.

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OVERSEAS NEWS

Lange sacks minister in state asset sale dispute

By Dal Hayward in Wellington

MR DAVID LANGE, New Zealand's Prime Minister, has sacked Mr Richard Prebble, the Minister for State Owned Enterprises, precipitating a Cabinet row over the sale of state assets.



Richard Prebble plans to challenge Prime Minister

view that the Prime Minister's proposal will not work. Mr Lange removed Mr Prebble without consulting other Cabinet members.

Shamir backed as Israeli PM

By Andrew Whitley in Jerusalem

ISRAEL'S National Religious Party (NRP) says it will recommend to President Chaim Herzog on Monday that the Likud leader, Prime Minister Yitzhak Shamir, should be invited to lead a national-religious coalition government.

65 seats between them, with 55 for the left. After another meeting with representatives of Shas - the ultra-Orthodox party of Israel's Sephardi (Oriental) community - Mr David Levy, a senior Likud leader, said most of the religious party's demands were acceptable.

thian uprising in the occupied territories to a speedy end. While the Likud leader's preference would undoubtedly be to give the key defence portfolio to his own ally, Mr Moshe Arens, he may find Mr Sharon hard to withstand.

Restrictions on Chinese visitors to be eased

By Bob King

TAIWAN continuing its process of detaching itself from four decades of rivalry, has approved rules that will allow mainlanders to come to Taiwan to visit ailing relatives or to attend funerals.

Taiwan to let banks set up branches overseas

By Bob King in Taipei

TAIWAN'S Finance Ministry, responding to years of pressure from local banks, has decided to let banks set up branches overseas, in whatever location they choose.

Algerians back Chadli reforms

By Francis Ghille

PRESIDENT Chadli Bendjedid has won the overwhelming support of the Algerian people for constitutional reforms.

Mozambique wins aid needed for 1989

By George Graham in Paris

MOZAMBIQUE, whose war-torn economy is undergoing a radical restructuring, has almost filled its external financing needs for next year after a meeting with industrial nations and multilateral agencies in Paris yesterday.

Algerians back Chadli reforms

The campaign was discreet and not marked by violence. The votes were counted by Ministry of the Interior officials and not by FLN party stalwarts as had been the case previously, one of many signs of the changes in Algeria.

Mozambique wins aid needed for 1989

remains threatened by the war with the South-African backed MNR guerrillas. Dr Mario Machungo, Prime Minister, said yesterday the country's security situation had improved since last year, and some central cereal growing regions were able to return to production.

UK NEWS

A turning point in privatisation

Simon Holberton on the significance of the British Steel sale

BRITISH STEEL's coming privatisation marks a watershed in the Government's programme. It is the first of the three pillars of 19th-century British industry - steel, coal and rail - to come under the auctioneer's hammer.

Table with 2 columns: Outturn (1979-80 to 1987-88) and (Cm) (577 to 5,181)

shares has almost trebled since 1979. At the start of this year, 600 people owned shares in privatised companies.

Its last year of state ownership: last year it made £330.5m. Those comparisons, while impressive on the surface, are open to qualification.

At the Tory Party's recent conference Mr Cecil Parkinson, Energy Secretary, forecast the privatisation of coal for the mid-1990s, and Mr Paul Channon, Transport Secretary, confirmed that his department was looking at British Rail for possible rationalisation and sale, and at many other plans, to reintroduce private capital's role to mass transportation.

product and more than 14 per cent of total investment, and employed 500,000 people. By this year, nearly 40 per cent of that was privatised.

The programme began as a halting, ill-defined attempt to realise easily saleable assets, the receipts from which could be written off against public spending and cut the public-sector borrowing requirement.

In the catalogue of privatisation, utilities have been a different case. British Telecom has faced the public's opprobrium for shortages and delays. Mercury, the competitor licensee to compete with BT, has still some way to go before it can offer a sensible comparison in terms of costs and efficiency.

Government to allocate £1bn for sewerage

By John Mason

WATER authorities are likely to receive an extra £300m over the next four years to reduce sewerage pollution, Mr Nicholas Ridley, the Environment Secretary, announced yesterday.

TWA advertisement for First Class Business Class fares. Text includes 'First Class flights. Business Class fares. (New Heathrow-Frankfurt service.)' and details about the service.

UK NEWS

Anglo-Irish parliamentary group proposal progresses

By Philip Stephens, Political Editor
A NEW Anglo-Irish parliamentary group which would foster closer links between London and Dublin might win both governments' approval before the year's end.

Communist to fly red flag over Nottingham

By Richard Tomkins, Midlands Correspondent
NOTTINGHAM, capital of the East Midlands and legendary home of the philanthropic archer Robin Hood, may have found itself a new champion of the oppressed in the unlikely form of 66-year-old councillor John Peck.

Car sales up by 2.59% in October

By Kevin Dome, Motor Industry Correspondent
THE RATE of growth in new car sales showed the first signs of slowing last month, after the prolonged boom in the UK car market which is expected to take sales this year to a record level for the fourth successive year.

Control move at stockbroker's

By Richard Waters
MANAGERS at Sheppards, the stockbroking subsidiary of ARAB-controlled consortium bank BAI, have become the first in the City since Big Bang to buy back partial control of their firm.

Baked beans price 'not fixed'

By Maggie Urry
THE OFFICE of Fair Trading has concluded that supermarkets are not colluding over the price of baked beans.

Staff dismissed as drug test laboratory shuts

By Richard Donkin
THE UK arm of Smith Kline and French Laboratories, the US pharmaceutical manufacturer, is closing its toxicology and pathology departments with 125 redundancies among its total staff of 750.

Lord Delfont resumes chair at First Leisure

By Lisa Wood
LORD DELFONT has again taken on the role of chairman of First Leisure, only eight months after retiring from the discotheque, bowls and leisure group.

Chelsea Girl

CHELSEA GIRL has asked us to state, with reference to our report "Retailers no longer so ecstatic about Acid House", published on October 31, that the company does not stock and has never sold Smiley merchandise.

MFI purchases Schreiber for £35m

By Maggie Urry
MFI, THE furniture maker and retailer, yesterday confirmed that it is buying Schreiber Furniture, a leading manufacturer of bedroom and kitchen furniture, for £35m in cash.

Lonrho case 'reveals weakness in act'

By Raymond Hughes, Law Courts Correspondent
AN ATTEMPT by Lonrho, the trading conglomerate, to identify the holders of a large block of its shares had disclosed a possible weakness in the 1985 Companies Act, a High Court judge said yesterday.

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UK NEWS

Labour opens attack on TV plans

By Philip Stephens, Political Editor

THE LABOUR Party yesterday delivered a strong attack on the Government's plans for deregulating television and setting down in detail its alternative proposals for the development of broadcasting during the 1990s.

In a lengthy exposition of Labour's position, Mr Hattersley said the proposals would undermine the basic principles of public-service broadcasting - the obligation on television to inform, educate and entertain while maintaining editorial independence and avoiding bias, prejudice and partiality.

The new franchise proposals would "desperately damage" standards by allowing the ownership of television standards to be concentrated in fewer and fewer hands.

To reduce the risk of government interference in broadcasting, both the BBC and the IBA should be made accountable to Parliament rather than to the Home Office.

Labour MP calls for vote reform

By Philip Stephens, Political Editor

A SENIOR member of the Labour Party's shadow cabinet yesterday threw his weight behind calls that it should support electoral reform, involving a move away from the "first-past-the-post" system of choosing MPs.

Kinnock urges referral of S&N bid to monopolies commission

By James Buxton, Scottish Correspondent

MR NEIL KINNOCK, the Labour Party leader, yesterday delivered a vigorous attack on the Government's mergers policy and said that the present bid by the Australian company Elders IXL for Scottish & Newcastle Breweries must be referred to the Monopolies and Mergers Commission.

Mr Kinnock was speaking in Glasgow, where a by-election is being held on Thursday in the Labour-held constituency of Govan. He said that any Government ought to have a mergers policy that "safeguards competition, takes into account the effects of mergers on employment, regional economic prospects and company research and development and training, and combats asset-stripping."

Mr Kinnock supported the call by the Scottish Development Agency for the bid to be referred and said Mr Malcolm Rifkind, Scottish Secretary, ought to be doing the same. Sir Gordon Borrie, Director General of Fair Trading, is expected to decide next week whether to recommend referral.

Scots poll tax average 'not more than £267'

By James Buxton, Scottish Correspondent

THE AVERAGE rate of the community charge - or poll tax - levied by Scottish local authorities when the charge comes into effect in Scotland next year should not be more than £267, the Government announced yesterday.

Mr Malcolm Rifkind, the Scottish Secretary, yesterday presented figures for the community charge for each district council in Scotland. The highest figure was £313 for Edinburgh, followed by Glasgow at £298. The lowest is for Orkney, at £24.

Mr Rifkind presented the figures for poll tax rates as he announced a 9.8 per cent increase in next year's revenue support grant - the amount the Government pays to local authorities to support their normal current expenditure.

Mr Ian Lang, the Scottish local government minister, said the figures "give the lie to the many absurd and misleading predictions about community charge levels that have been issued by our opponents."

Tension builds over King's Cross report

Kevin Brown looks at the reputations that ride on the analysis of a fire tragedy

MR TONY RIDLEY, chairman of the London Underground, is not a man who lacks faith in his own abilities. An engineer by training, he built a glowing reputation as a "strong, incisive, imaginative manager" by setting up the Tube and Wear and Hong Kong metros before joining the Underground eight years ago.



Tony Ridley: Management structure reorganised

Crucially, no one turned on the sprinkler system, which might have controlled the blaze before it turned into a fireball that swept up the escalator and through the concourse in seconds.



Desmond Fennell: Robust questioning of witnesses

Mr Ridley has also reorganised the management structure of the Underground, in ways that have relieved him of much of the responsibility for day-to-day management.

However Mr Ridley would be less than human if his heart is not fluttering a little as he awaits publication of the public inquiry report into last year's tragic Underground fire at King's Cross station.

The report, written by Mr Desmond Fennell, QC, has been delivered to Mr Paul Channon, the Transport Secretary, and will almost certainly be published in the next two weeks.

Mr Fennell opened the inquiry on February 1 with the intention of reporting within a few weeks. But it rapidly became clear that the sheer weight of evidence would mean a much longer hearing.

For the first part, it is already widely accepted that the fire was started by a dropped cigarette. But the report will attempt to explain why the escalator fire developed in seconds into a raging fireball.

There are also some other issues on which Mr Fennell may want to comment, notably the role of the independent Railway Inspectorate, which relied heavily on the Fire Brigade for safety checks; the merits of a national emergency plan for dealing with future serious accidents; and ways of improving liaison between the emergency services.

The data is predictable, in spite of official reluctance to discuss the issues, because almost everyone concerned will want to have the full facts in the public domain before the first anniversary of the disaster on November 18.

Mr Ridley will not need reminding of the awful night when 31 people died after a smoker's match set light to the escalator between the Piccadilly Line and the station's main concourse.

Mr Fennell will also comment on the actions of Underground staff - some of whom behaved with great bravery together with the procedures for calling the emergency services and for liaison underground.

However, attention is bound to focus on what Mr Fennell has to say about the way London Underground is managed, and whether spending on staffing, maintenance and safety was up to standard in the months and years before the fire.

London Underground moved swiftly after the fire to ban smoking throughout the system and to announce a list of more than 100 safety improvements.

Nor will his boss, Sir Keith Bright, chairman of London Regional Transport, the state-owned holding company. Both men faced severe public criticism in the weeks after the blaze - some of it unfair, but all of it grounded in an outpouring of national anger at the scale of the tragedy.

Both men also faced tough questioning at the inquiry - an experience described by Mr

Relatives claimed the inquest had been variously "a farce" and "a whitewash," and many said it had failed to establish the facts.

His report will probably be organised in two sections, the first dealing with the immediate cause of the fire and the events of the night; the second

HOW DO YOU RAISE MONEY FOR YOUR BUSINESS? Talk to the people at THE MONEY SHOW OLYMPIA NOVEMBER 3-6

N-power is 'too risky' for private investors By David Green THE CENTRAL Electricity Generating Board is placing undue faith in the Government to protect its privatised successor from market forces affecting nuclear power, a consortium of local authorities said at the Hinkley Point C inquiry yesterday.

Tour operators to offer more air charters By Michael Donne, Aerospace Correspondent BRITAIN'S tour operators will offer 14 charter holiday packages worth £3.7m for next summer, the Civil Aviation Authority said yesterday.

EMPLOYMENT

CEGB drops action over electricians' protest plans

By Jimmy Burns, Labour Staff

THE CENTRAL Electricity Generating Board has withdrawn from its legal action against the EETPU electricians union after being given an assurance that electricity supplies would not be disrupted by strike action during the GCHQ day of protest on Monday.

given this week to members not to service government departments and installations next Monday did not apply to 6,000 EETPU members employed by the CEGB.

government departments. However the Electricity Council, which oversees the distribution of electricity, believes the impact of any EETPU action will be minimal.

Mr Eric Hammond, the general secretary of the EETPU, said last night that "no action will be taken that puts safety or security at risk."

Mr Hammond said: "Our action has never been aimed at the public or industry but is a protest at the bullying of individuals who simply wish to be members of a union of their choice."

Some government offices may still face black-outs as a result of a work-to-rule by some electricians employed by

Union leaders attack proposed code of practice on ballots

By Charles Leadbeater

TRADE UNION leaders yesterday roundly condemned the draft code of practice on industrial action ballots, published by the Government on Thursday.

Mr Norman Willis, the TUC's general secretary, said the code, which is intended to restrict the conditions under which unions can call pre-strike ballots, was insulting and malign.

Mr Ken Gill, general secretary of MSF, the general technical union, said the code was a piece of anti-union propaganda and would do nothing to improve practical industrial relations.

Mr Willis said: "The plain fact is that the Government demanded ballots and the unions won too many of them. So now the Government wants to move the goalposts and change the rules for ballots."

The code, to be approved by Parliament next year, will not have any legal standing, but it will be admissible as evidence in any legal challenge to the way a union has conducted a ballot.

Some of the elements of the code, and in particular the suggestion that unions should hold informal polls of their members before holding an official ballot, are modelled on the practices developed by the EETPU electricians' union. However it is thought EETPU leaders will criticise the code for being cumbersome.

Merit pay deal for Thomas Cook staff

By John Gapper, Labour Staff

RADICAL changes to staff gradings and pay, including a move to full performance-related pay and a new evaluation system, based on personal skills rather than job requirements, are being introduced by Thomas Cook, the travel services group. The innovations, which are being launched from next week as four parts of a handed package known as Gemini, are intended to improve individuals' performance, and ensure that the company is making the most of their skills.

advance of pay increases. Qualities such as initiative as well as job performance will be rated, under the system to be introduced in March.

STAFF at five branches of Barclays Bank in Cambridge yesterday went on strike for a refusal to back the implementation of a £750 south-east region allowance which was introduced last month.

There are also some other issues on which Mr Fennell may want to comment, notably the role of the independent Railway Inspectorate, which relied heavily on the Fire Brigade for safety checks; the merits of a national emergency plan for dealing with future serious accidents; and ways of improving liaison between the emergency services.

Mr Fennell's findings will be awarded with great anxiety this week in London Underground's St James's headquarters. But it is a fair bet that they have generated even more anxiety in the Marsham Street headquarters of the Transport Department.

The Banking, Insurance and Finance Union said the protest had closed one branch and disrupted others. It also claimed that the clearing of cheques in East Anglia had been affected by disruption to a clearing unit.

However, attention is bound to focus on what Mr Fennell has to say about the way London Underground is managed, and whether spending on staffing, maintenance and safety was up to standard in the months and years before the fire.

Ms Rosemary Barry, director of human resources, said the innovations were intended to involve staff in the process of company change and included new ways of assessing and rewarding them for their contributions.

Only members of Bifu, and not those of the Barclays Group Staff Union, took part in the action, which Bifu said was the first strike action at Barclays since 1982.

London Underground moved swiftly after the fire to ban smoking throughout the system and to announce a list of more than 100 safety improvements.

Mr Kenneth Baker, who was appointed in February as a senior manager in charge of equal opportunities, said the policy did not reflect any problems within the company, although it would help Ford to expand its recruitment base in the light of the downturn in the number of young people entering the labour market.

However, Brawley, Bifu assistant secretary, said further one-day stoppages were likely soon unless the bank agreed to the backdating. A ballot of members had produced a vote of about 90 per cent in favour of action.

Ford agrees policy to combat discrimination

By Charles Leadbeater, Labour Correspondent

FORD has agreed with its unions a detailed equal opportunities policy, which goes considerably further than most anti-discrimination statements adopted by manufacturing companies.

The joint statement declares mutual opposition to any form of less favourable treatment being accorded to employees or applicants for employment on grounds of race, religious beliefs, creed, colour, nationality, ethnic or national origins, marital or parental status or sex, through direct or indirect discrimination.

The move is one of the first changes in grades following protests at re-gradings as part of the 17.9 per cent pay award. Central Birmingham Health Authority said grades remained within guidelines.

The policy sets out detailed steps for monitoring the make-up of the workforce, recruitment procedures, and grievance procedures. It will replace separate statements agreed with white-collar unions in 1976 and with manual unions in 1980.

The policy was drawn up at the unions' initiative following concern about the low representation of women and ethnic minority workers in higher level jobs.

It came as nurses at Birmingham Children's Hospital threatened a work to rule if a management review did not produce higher grades. Half the sisters in the intensive care unit have been placed on the lower Grade F and half on G.

Advertisement for 'The Money Show' at Olympia, November 3-6, featuring financial services and investment opportunities.

FINANCIAL TIMES

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Saturday November 5 1988

Living with creditors

Having followed the Americans into sizeable deficit on the current account of the balance of payments, the British are now busy importing US phraseology to deal with an otherwise familiar domestic problem. Since the Chancellor's Autumn Statement this week, soft landings are the order of the day. The phrase is certainly evocative, but how far it is really apposite in relation to the problems of either the United States or Britain is another matter. For a start, it implies the existence of an able pilot; and at this late stage in the US election campaign there are plenty of international investors who cannot detect any such thing on the horizon. Such is the evidence of both Mr Bush and Mr Dukakis on key issues of economic policy that they frequently give the impression of flying completely blind. Small wonder that America's creditors are becoming restive and that this has been reflected in recent dollar weakness. The international money men have probably concluded that the wish is father to the optimistic cliché. To put it more bluntly, the much vaunted soft landing looks suspiciously like a euphemism for muddling through.

Excess demand

In the case of Mr Nigel Lawson the metaphor may be more appropriate. True, he has been travelling without an agreed flight path since the row with Mrs Thatcher over the exchange rate earlier this year. But he does at least have some notion of where he is going. For him, a soft landing means growth slowing down from a bustling 4% per cent this year to 3 per cent in 1989 as he tries to squeeze excess demand out of the economy. After peaking next year - at perhaps as much as 7 per cent - Mr Lawson conceded after his speech to the Commons - inflation is expected to fall back to 5 per cent at the end of the year. And Britain's creditors have, in effect, been invited to absorb these figures from the Autumn Statement and remain patient while the current account moves very slowly back towards balance, starting with a revised forecast of £15bn for this year, compared with £4bn at the time of the Budget, and £11bn for 1989.

As it happens, there is a plausible argument for giving the Chancellor the benefit of the doubt. Not the least of them is that he has been doing the bankers a considerable favour. In a world where the biggest Third World economies are no longer bankable prospects and most First World countries are reluctant to run budget deficits, Mr Lawson has engi-

neered the perfect boom for present-day bankers. The borrowing has been done by the private sector and more especially by consumers, who tend, in the aggregate, to be very creditworthy. In the meantime, since the overall balance sheet of Great Britain Inc continues to look very strong, with the Autumn Statement showing a further improvement in the public finances, Britain's external assets, meanwhile, are still substantial, even if they are finally coming down.

Consumer demand

All this suggests that the country is comfortably solvent and that, in a world that remains awash with surplus liquidity, the financing of the deficit need not necessarily present difficulties. The question is simply whether the Chancellor can maintain the confidence of his creditors suffering from a severe off short term liquidity crisis.

This hinges partly on the saleability of his story, and if there are doubts about the British soft landing, they turn on several assumptions in the Treasury's figures which are not susceptible to instant proof. The first concerns the state of consumer demand. Evidence this week from the Department of the Environment of the British biggest building society, the Halifax, suggests that the main engine of the consumer boom - the housing market - is now beginning to flag. But there are plenty of sceptics who argue that consumer confidence may still need a bigger dent than 12 per cent base rates have so far administered. Then there is the question of how far pay settlements will respond to the increase in the retail price index and to growing labour shortages around the country. And the Chancellor is also pinning faith in an automatic upsurge in exports as demand slows down, which implies an almost Japanese-style ability in British industry to re-orient sales objectives while the exchange rate is forecast to remain unchanged.

At present the markets appear to be giving Mr Lawson the benefit of the doubt over his so-called inflationary blip. Despite yields at the short end of the gilt-edged market of up to 11 per cent, long gilts are still hovering around 9 per cent, implying no panic about the longer term inflationary trend. But that also reflects a government-induced shortage of long maturities resulting from the budget surplus. And as always, the judgement of creditors is conditional on the future good behaviour of the economic statistics.

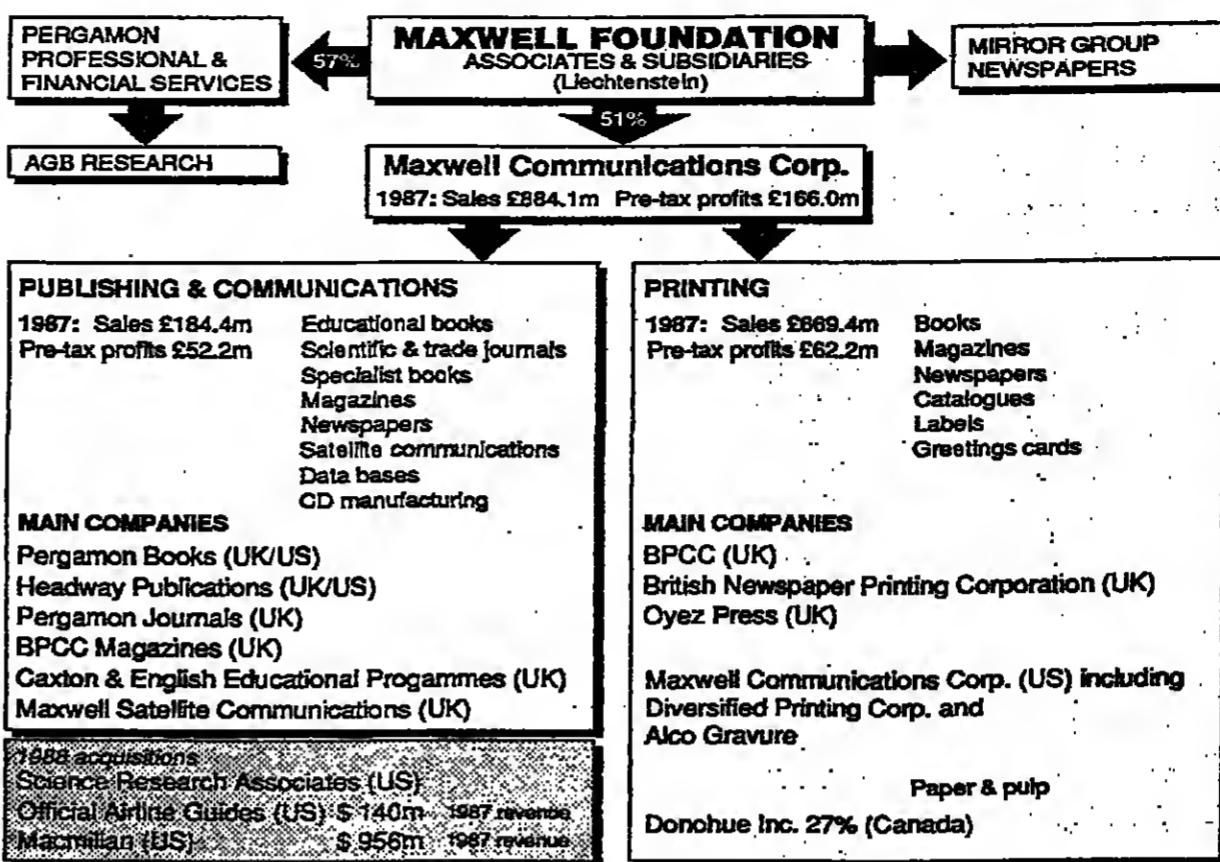
Raymond Snoddy on Robert Maxwell's sudden switch away from printing

Mr Robert Maxwell, one of Britain's largest publishers in every sense of the word, was in an ebullient mood even by his own standards, in his suite at New York's Waldorf Astoria yesterday. "I'm as light as the wind," said the chairman of Maxwell Communication Corporation. He was talking not about avoiding a deal but about his sudden announcement that he was turning his back on printing to concentrate entirely on publishing - moving, as he put it, "from heavy business into light."

It has been an extraordinary week for Mr Maxwell. On Sunday he announced a \$750m deal to acquire most of the Official Airline Guides division of Dun & Bradstreet. On Wednesday a Delaware court cleared the way for his \$2.6m takeover of Macmillan, the US publisher, by ruling that Macmillan's management had tilted an auction of the company against Mr Maxwell.

In some ways yesterday's announcement topped all these excitements. "The market is stunned," Mr Maxwell said yesterday with a touch of understatement. His printing interests, the business he is now abandoning, had been at the heart of his recent success. Though Mr Maxwell had always thought of himself as a publisher - as a refugee from Czechoslovakia just after the Second World War he started a successful imprint in scientific journals - by the 1970s his ambitions for a wider publishing role had been frustrated. A messy and abortive deal with a would-be American purchaser had left a shadow over his reputation. It was the purchase and salvage of the collapsing British Printing Corporation in 1980 that relaunched him on the path of growth that culminated this week in the purchase of Macmillan. And now he is selling up the business that played such an important role in his recent success.

The sale is a lavish one. Yesterday, Mr Maxwell indicated that disposals in the coming months could eventually exceed the purchase price of Macmillan. "I am a person who always feels comfortable when I have a huge pile of banknotes behind me. I don't like huge debts," he said. (He had none the less arranged \$2.2bn in loan facilities before the Macmillan bid was launched.)



A striking change of direction

division; it is believed that funds for this are already in place. ● British Newspaper Printing Corporation, the separate company set up to print Mr Maxwell's national newspapers, the Daily Mirror, Sunday Mirror and The People. Mr Maxwell is extremely proud of these new newspaper printing plants, which include the 21 M.A.N. Roland colour presses that are already giving his titles an advantage in the tabloid newspaper market. Around £230m has been invested in the venture; the business will come complete with 20 year printing contracts. BNPC could fetch something like £250m. In the end, however, Mr Maxwell will probably not sell BNPC to anyone else: Mirror Group Newspaper will probably turn out to be the purchaser. He says it will have to face external competition and it will have to offer the right price. Then the integrated newspaper publishing company will almost certainly be floated on the Stock Exchange next year.

● European printing plants. Two printing plants in France and one in Belgium are also likely to be sold. ● Up to \$1bn worth of disposals from Macmillan. These will be the "peripheral" businesses but it is not yet clear what that category will turn out to include. Gump's, the San Francisco-based speciality store chain, with its associated mail order businesses, would seem to be one obvious candidate. ● The American printing business. Maxwell Communication is now the second largest commercial printer in the US, with a 12 year contract to print 31m copies a week of Parade, the Sunday magazine shared by many local newspapers. This American printing business seems destined the follow its UK counterpart into other hands - but not immediately. It will probably only be sold after margins have been improved to match those in the UK. All this will amount to a striking

change of direction for Mr Maxwell, and a compelling tribute to his strategic "flexibility". Until recently he was trumpeting the merits of an integrated printing and publishing approach. In his chairman's statement in the 1987 MGC report and accounts Mr Maxwell wrote: "The accomplishment of our strategic aim of becoming one of the top ten global media and communications businesses is underwritten by our vertical strategy for growth." His aim, he said, was to give customers "one stop facilities to meet their global, professional, communication and information needs in all media, by providing the finest quality and service from paper production to text and picture origination, transmission and printing through to distribution by hard copy or electronic means." Not any more. The shift out of printing echoes the recent transformation of Reed Inter-

national, the company that gave Mr Maxwell his entrée to Fleet Street by selling him the Daily Mirror. Earlier this year it completed its change into a pure publishing company by selling its packaging and other industrial interests. Since April, Reed has spent \$150m on 20 publishing-related acquisitions and is still sitting on a pile on a large pile of cash. Reed's chief executive, Mr Peter Davis, said yesterday: "It has been a very successful week for Mr Maxwell. One has to admire his persistence." Reed, however, sold their assets first and then started looking for acquisitions. Mr Maxwell has done it the other way round.

The two companies share one common perception - that publishing in all its forms is an important growth industry marked by impressive cash flows and relatively low capital requirements. It is also a business where innovation can reap rich rewards. The strategy is, however, a risky one. Mr Maxwell is giving up a reliable engine of solid if unimpressive earnings which many see as the predictable heart of an unpredictable empire.

Mr Derek Terrington, publishing analyst at stockbrokers Phillips and Drew, said yesterday he saw the Maxwell move as a "bit of financial engineering dressed up in strategic clothes." The sale of such steady streams of revenue could produce, he estimated, a 30 per cent dilution of earnings per share next year.

Mr Maxwell's recent record on publishing is not unblemished - the ignominious failure, after only five months, of his attempt to change Associated Newspapers' monopoly of the London evening paper market is the most obvious example. And he is also about to take on another potentially costly challenge by launching The European, a new daily newspaper for Europe.

Critics will say his raft of disposals have been forced on him by the high prices he was forced to pay to become a serious player in the US publishing market. Much will now ride on how successfully Macmillan can be integrated into the rest of the business. Now there is likely to be a significant pause for breath. The complex off balance sheet structures set up for the US acquisitions have to be integrated into MGC, the main quoted company.

Though the new acquisition puts Mr Maxwell at the bottom of the first division of the world's media businesses, he is still some way behind the leaders, such as Rupert Murdoch's News Corporation and West Germany's Bertelsmann. And he still has more to do to achieve his stated objective of building a worldwide media business with \$3.5bn in revenues by 1990. Yesterday, however, Mr Maxwell - now 65 years old - was already talking about the freedom the disposals would give him to move further down the clear path he has chosen for MGC acquiring even more publishing and information companies.

A case of businesses to keep and businesses to sell

TWO OF Mr Robert Maxwell's new businesses, the Official Airline Guide, and the information sector of Macmillan fit together well. The rest of Macmillan, particularly its book publishing, are less logical, poorer performers and likely candidates for disposal. Macmillan's information services sector contributed \$61.7m, or 40 per cent to the group's operating income last year on sales of only \$228.7m, or 24 per cent of the total. It includes attractive operations such as Standard Rate and Data, a newspaper advertising rate service, and Miclike,

a publisher of state legal codes. "On the positive side, these assets are growing very fast, are easy to leverage with more services and they throw off cash," says Mr Bert Boksen, analyst with Raymond James, a Florida securities firm. "On the negative side, they don't come cheap." To pay for them, Mr Maxwell can sell off some of a large selection of other less sparkling Macmillan businesses. A prime candidate is all or part of the book publishing business that is Macmillan's historic core. The segment generated only \$63.8m of operating income last year on sales

of \$438.8m. A particularly weak part is the education market, accounting for three quarters of its sales. Intense competition in school books was the reason Macmillan gave for its poor third quarter earnings this year. As a foreigner-owned company, Macmillan will now find it far harder to win approval for its books from local school boards. "It's highly political, particularly in the southern states," Mr Boksen says. "I think the business will come unglued if Mr Maxwell keeps it." Mr Maxwell was not the first person to try to keep the best bits of

Macmillan. To fight off another raider earlier this year, senior management led by Mr Edward Evans, 46, the chairman, proposed breaking Macmillan into two parts. They would have got for virtually nothing a large minority stake in the information business while employees got a large position in the book business. Anxious to avoid Mr Maxwell's embrace, they then switched tactics to a leveraged buyout with Kohlberg Kravis Roberts in which 60 senior executives would have participated and probably reaped huge personal profits. In the end they failed when a

court invalidated their offer. Yesterday, Mr Maxwell marched into Macmillan to play new boss to the disappointed executives. He needs to persuade many of them to stay to run the businesses he has bought. It is almost certain, though, that Mr Evans, credited for making Macmillan what it is over the past eight years, will be leaving. Colleagues quote him as saying he is too individualistic to work with Mr Maxwell but his consolation is the \$65m he earned for tendering his stock to the new owner. Roderick Oram

MAN IN THE NEWS

Most of the colourful elements in an otherwise tedious Israeli election campaign came from the ultra-Orthodox camp. Displaying the kind of energy they usually devote to study of the Torah (the five books of Moses), the black-garbed *haredim* surprised themselves and shocked their secular brethren - the vast majority of the population - by emerging this week as the unchallenged power brokers of the next government.

Deploying a judicious mixture of blessings and curses, coupled with up-to-date voter mobilisation techniques, the three rival ultra-Orthodox parties and the right-wing National Religious Party (NRP) won 18 seats in the 120-member Knesset (parliament). Emerging at the head of the religious pack is Rabbi Yitzhak Peretz of the Shas party, whose controversial public pronouncements have regularly infuriated most Israelis, while delighting his own growing band of supporters among the underdog Sephardi (Oriental Jewish) community. When a train collided with a busload of children in 1985, leaving many dead, Rabbi Peretz said the tragedy was divine retribution for the breaking of the Sabbath. A decade earlier, the Moroccan-born Rabbi expressed the view that the cause of the massacre by terrorists of children in the settlement of Ma'alot could be traced to the fact that its door scrolls (as fixed to every entranceway in Israel) were not kosher. Not that his concerns have been limited to the strict observation of religious law, as defined by the Sephardi Torah Guardians, or Shas, party he helped found five years ago. The party was created as an ethnic-based breakaway from the venerable Agudat Yisrael party of the Ashkenazi (eastern European) establishment, under whose thumb Sephardi religious scholars had long suffered. Aligning himself with the extreme right on the issue of the occupied territories,

Yitzhak Peretz
Power broker of a dismayed nation
 By Andrew Whitley



Rabbi Peretz leapt to the defence when a Jewish terrorist movement responsible for the killing and maiming of prominent Palestinians was uncovered a few years ago. These were not criminals, but "precious souls, full of love for their people," he said. "They should not be judged by ordinary standards... their intentions were good even if their deeds were not."

In effective control of the Interior Ministry during the last government, Shas made good use of the patronage opportunities thus afforded to extend its political influence beyond the ranks of the ultra-Orthodox. That hard work paid off on Tuesday, when its Knesset representation rose from four to six members - making it the third largest party in the country.

From this vantage point Rabbi Peretz will push for a series of social and religious changes, notably the stricter observation of *kashrut* food legislation and of the Sabbath. He has also campaigned for the supremacy of religious courts and for an amendment to Israel's law of return so that only Jews belonging to the Orthodox branch will be granted full recognition.

One aspect of ultra-Orthodox behaviour which acts as a constant irritant to their secular brethren - and may prove an obstacle to the current efforts by Mr Yisak Shamir, leader of the Likud Party, to form a religious-nationalist coalition government - is the refusal of the *haredim* to serve in the armed forces. This began as the exemption from compulsory military ser-

vice of some 700 theological students by former Prime Minister David Ben-Gurion. It has grown over the years into a situation whereby tens of thousands of youngsters avoid the draft by enrolling in religious institutes. This insult is deeply felt because for many Israelis, irrespective of political leanings, the army is a more authentic symbol of the country than the Torah. Nationalists, not surprisingly, jib at the prospect of serving in the same Cabinet as a party on record as calling the army "a den of prostitution."

General "Rafiq" Eitan, Chief of Staff during the Lebanon war and now head of his own small party, can hardly have forgotten that it was a Shas parliamentarian who blamed Israel's war dead on the sexual licentiousness of women in

Oh well,
YOU CAN BE SURE OF SHELL

UK COMPANY NEWS

Kuwait asks for five years to reduce holding in BP to 9.9%

The Government of Kuwait has asked the British Government for five years to comply with the order to reduce its stake in British Petroleum...

City applause for the break-up of an empire

Andrew Hill looks at Maxwell's decision to dispose of his UK commercial printing interests

AT FIRST glance, surprising, but on reflection, very logical, said one printing analyst yesterday...



John Holloran: to lead a possible buy-out?



Robert Maxwell: shifting from a low-margin business... BNPC and Mirror Group Newspapers' proud proprietor has filled the European plants...



Robert Maxwell: shifting from a low-margin business

Finally, and perhaps most contentiously, is the possible sale of the US printing business. From the outset of his attempt to acquire Macmillan...

Adia buys agency

Task Force, the USM-quoted employment agency, is to be absorbed by Swiss-based Adia...

C.H. Bailey surges

U.H. Bailey, controversial ship repairer and portfolio investor, reported a sharp jump in pre-tax profits...

Lausanne-based Adia, which already owns the London agencies Alfred Marks Bureau and Jonathan Wren...

The profit was struck after taking account of share of associates loss of £21,430 (£32,89m). The company paid no tax and is paying no dividend.

Fobel advances

Fobel International, manufacturer of electrical goods, saw profits grow in the first half of 1988.

Strong replies

Strong & Fisher, which is making a hostile £40m bid for fellow leather group Pittard Garnar...

Turnover was divided into a contribution of £12.25m (£10.07m) from the UK and electronics, and £21.39m (£22.89m), as against £268.73m, from the Canadian associates.

M&G stake raised

The Esmée Fairbairn Charitable Trust, the largest single shareholder in M&G, has lifted its holding in Britain's biggest retail management group...

Sir Ian pointed out that the contribution to group results from Gomsball, the leather interests which Strong bought during the year...

Meanwhile, the stake in M&G held by an offshoot of Britannia Arrow Holdings had fallen below the 5 per cent disclosure level.

Tarmac wins Ruberoid battle

By Andrew Hill

TARMAC, construction and building materials group, is set to merge with Ruberoid, roofing materials company...

The sale about 63.4 per cent of Ruberoid's shares will be committed to the Tarmac offer and Lazard Brothers...

The decision came more than nine weeks after Tarmac first launched its 280p-a-share offer, valuing Ruberoid at £141.2m...

The delay, which has cost Tarmac about £117,000 a week in additional underwriting fees...

Raine Industries, householders, which had kept its 14-week bid open in the hope of a referral...

Tarmac will sell British Hydroflex, its roofing felt subsidiary, to Manley for £3.82m in cash...

BWI spends £13m on US packagers

By Vanessa Houlder

BARRY WEHMLER International, a specialist packaging equipment group...

An irrepressible career of disaster and triumph

By Andrew Hill

MR ROBERT Maxwell's philosophy seems to be why that small group which you can make two great leaps...

More recently Maxwell has added to almost all sectors from engineering to football. Hollis's engineering subsidiaries were sold this year...

Mountleigh drops talks with Wembley

By Philip Coggan

Mountleigh Group yesterday abandoned takeover talks with fellow property group Wembley...

The company announced that it was in informal talks with Wembley on Monday...

Broker Phillips & Drew is believed to have bought between 5m and 12m shares on behalf of Mountleigh yesterday...

Mr Thomson said that Bylock had a number of options, including calling a vote to remove the board.

Kingston buys wells for £0.3m

By Clare Pearson

Kingston Oil & Gas, the Ohio-based oil and gas producer listed in London...

US authorities hold fire on Gold Fields and Minorco petitions

By Kenneth Gooding, Mining Correspondent

THE US authorities are to take no immediate action on the petitions sent to President Reagan by Consolidated Gold Fields and Minorco...

US President suggested the Minorco bid would endanger US national security because of the control Minorco's parent group, Anglo American Corporation of South Africa...

Table with 5 columns: Dividend, Current payment, Date of payment, Corres. dividend year, Total last year

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. '0m capital increased by rights and/or acquisition issues.

LONDON RECENT ISSUES

Table with 10 columns: Issue, Amount, Latest date, 1988 High, Low, Stock, Divid. Price, % Chg, % Yr, % 5Yr, % 10Yr

RIGHTS OFFERS

Table with 10 columns: Issue, Amount, Latest date, 1988 High, Low, Stock, Divid. Price, % Chg, % Yr, % 5Yr, % 10Yr

FIXED INTEREST STOCKS

Table with 10 columns: Issue, Amount, Latest date, 1988 High, Low, Stock, Divid. Price, % Chg, % Yr, % 5Yr, % 10Yr

TRADITIONAL OPTIONS

First Dealings Oct 24, Last Dealings Jan 26, Last Declarations Feb 6, Far date indications see end of London Share Service

Holdings fail in vote to wind up Nordic

By Philip Coggan

SHAREHOLDERS IN Nordic Investment Trust, the Scandinavian trust managed by GT Management, narrowly failed yesterday to approve a resolution to wind up the trust.

Equity said yesterday: "One thing is for sure. The problem is not going to go away."

Around 72 per cent of the votes cast were in favour of a wind-up, just short of the requisite 75 per cent majority.

In total, 9.16m shares voted

Fairey trebles to £4.1m at half-time

By Philip Coggan

FAIREY, the diversified engineering group which is joining the main market via an offer-for-sale this month...

£4.9m: the flotation will raise around £25m in order to pay off Fairey's borrowings.

Water authority sells controversial shares

By Fiona Thompson

Northumbrian Water, one of the 10 regional water authorities in England and Wales...

This was granted in September and set for later this month.

Northumbrian bought a less than 1 per cent stake in both the Newcastle & Gateshead Water Company and the Sunderland & South Shields Water Company...

Mr Ridley said that as a consequence of its share stakes, Northumbrian had had talks with the two water companies...

Mr Thomson said that Bylock had a number of options, including calling a vote to remove the board.

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Renold doubles profits to £2.3m at half year

By Jean Marshall

RENOLD, Manchester-based maker of power transmission products and machinery products, yesterday announced pre-tax profits almost doubled to £2.3m compared with £1.2m for the half year ended October 1...

Mr Peter Frost, chairman, said the results were in line with forecasts and he expected those for the year to show a further improvement.

The interim dividend is lifted from 0.5p to 0.6p. After a lower tax charge of £700,000 (£900,000) attributable profits jumped from £200,000 to £1.8m for earnings per share of 2.5p (0.3p).

Water authority sells controversial shares

By Fiona Thompson

Northumbrian Water, one of the 10 regional water authorities in England and Wales...

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ECONOMIC DIARY

TODAY: Kampuchean peace talks to be held in Paris between Mr. Hun Sen, the Kampuchean Prime Minister, and the exiled leader Prince Sihanouk.
TOMORROW: Fine Gael annual conference in Dublin. CBI annual conference in Torquay (until November 8). Referendum on new status for New Caledonia aimed at establishing peace between pro-independence Melanesian natives and pro-French settlers.
WEDNESDAY: Department of Trade and Industry issues figures for retail sales (September) and credit business (September). Central Statistical Office issues regional gross domestic product for 1987.
THURSDAY: Department of Trade and Industry issues figures for vehicle production (October). Bank of England publishes statistics for the financing of the CGPR (third quarter). UK banking sector statistics (third quarter) and money stocks (third quarter). US producer price index (October).
FRIDAY: British Steel Corporation/British Independent Steel Producers economic issues figures for usable steel production (October). Inquiry into the Piper Alpha disaster in Aberdeen.
SATURDAY: US presidential election. Expiry date for the Grand Metropolitan tender offer for Pillsbury Co. European Community energy council meets in Brussels. European Community political co-operation council starts.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, Bid, Ask, Stock. Lists various European options and their market data.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Yield, Price, Change, Week ago, Month ago. Lists benchmark government bonds for UK, US, Japan, Germany, France, Canada, Netherlands, and Australia.

BASE LENDING RATES

Table with columns: Bank, Rate, % of. Lists base lending rates for various banks including AIB, Bank of Ireland, and others.

FT-ACTUARIES SHARE INDICES

Table with columns: Equity Groups, Index No., Day's Change, etc. Lists various equity groups and their share indices.

FIXED INTEREST

Table with columns: Price Indices, Average Gross Redemption Yields, etc. Lists fixed interest rates and yields for various instruments.

BUSINESS TRAVEL advertisement. The Financial Times proposes to publish an annual directory of business travel services.

THE FINANCIAL TIMES PROUDLY PRESENTS... THE CALENDAR OF THE YEAR. Advertisement for the Financial Times calendar, highlighting its comprehensive content and value.

Right Now Resident Abroad is the expatriate's wisest investment. Advertisement for Resident Abroad magazine, promoting it as a source of financial and lifestyle advice for expatriates.

THE FT COLLECTION advertisement. Promoting a collection of Financial Times publications, including the calendar and other business-related guides.

Reply Form advertisement. A form for readers to request more information or subscribe to Resident Abroad magazine.

INTERNATIONAL COMPANIES AND FINANCE

Federated junk bond cut in size and sweetened

By James Buchan in New York

THE CONTROVERSIAL junk bond issue for Federated Department Stores, which upset US financial markets last week when it failed to find buyers, appeared to be safely on its way yesterday in a much reduced and sweetened version.

Aga Khan buys Spanish airline

By Alan Friedman in Milan

FIMPAP, the publicly quoted Italian tourism company controlled by the Aga Khan, said last night it has reached agreement to buy majority control of Hispania, Spain's largest private-held charter airline.

Profits at Statoil nearly halved

By Karen Fossli in Oslo

STATOIL, Norway's troubled state oil company, saw pre-tax earnings almost halved by the end of the third quarter to Nkr 3.5bn (\$550m) from Nkr 5.6bn in the same period last year, primarily because of a drop in oil prices.

Interest payments keep Texas Air in red

By James Buchan in New York

TEXAS AIR, the big US airline holding company which has been buffeted by labour disputes and quality problems, remained deeply in loss in the third quarter, despite improvements at its Continental Airlines subsidiary.

Canadian stake for Swiss Re

By John Wicks in Zurich

SWISS REINSURANCE, of Zurich, has acquired a 45 per cent stake in the Canadian reinsurer for some Sfr12m (\$8m).

French bourse details capital plan

By George Graham in Paris

THE FRENCH stock exchange has published details of the capital adequacy plan to apply to member firms from December.

Remy wins 88% of Piper

By George Graham in Paris

REMY ET ASSOCIES, the family group which controls the Remy Martin cognac house, has won 88 per cent of the champagne producer, Piper Heidsieck, after the close of its Sfr1.25bn (\$826m) offer.

BZ Bank Zurich in takeover

By John Wicks in Zurich

BZ BANK ZURICH and a number of affiliates have been taken over by BZ Group Holding, a company established by Freiherrn on Thursday with total shareholders' equity of Sfr500m (\$326m).

Danish bank in Credit Lyonnais link

By Hilary Barnes in Copenhagen

KREDITFORENING Danmark (KD), the Danish mortgage credit association, yesterday announced the establishment of a subsidiary in France in co-operation with the French commercial bank, Credit Lyonnais, as minority shareholder.

needed as backing dealings as principal, such as market-makers' stock positions, and another less demanding ratio covering dealings carried out as agent on behalf of a client.

Further rules will require stock exchange firms to separate clearly their clients' accounts from their own. The ratios are expected to be welcomed both by small firms, who want to limit themselves to their traditional agency broking activities, and by larger international groups, which after the heavy losses which struck this year on the exchange's own reserve funds do not want to be called on again to pay for other people's mistakes in the name of "solidarity".

Swiss insurer backs down

By John Wicks in Zurich

UNDER THE threat of suspension from the stock exchange, the Geneva-based La Genevoise compagnie d'Assurances sur la Vie has undertaken to change its practice in respect of registered shares.

The step was taken because the stock exchanges said in a joint communiqué that "there is no longer a guarantee for the customary fulfillment of stock-market transactions." This was because the company had declined on principle to return to the purchaser or purchasing bank registered shares which had been sent in for entry to the Genevoise stock ledger and refused registration.

At the same time, Bank Leu - the smallest of Switzerland's "Big Five" - has announced a tightening of its restrictions on the entry of registered shares into the stock ledger. In future, no entry will be permitted which involves more than 1 per cent of outstanding registered share capital.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Latest prices, Change on week ago, Year, High 1988, Low 1988. Includes Gold, Silver, Copper, Lead, Nickel, Tin, Zinc, Wheat, Soybeans, etc.

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE, CRUDE OIL, SOYABEAN MEAL, RUBBER, etc.

Table with columns: Commodity, Close, Previous, High/Low. Includes US METALS, FUTURE FUTURES, LONDON BULLION MARKET, etc.

Table with columns: Commodity, Close, Previous, High/Low. Includes CHICAGO, SUGAR WORLD, WHEAT, LIVE CATTLE, etc.

INTL. COMPANIES

Strong first half at HK Telecom

By Michael Murray in Hong Kong
HONG KONG Telecommunications, the subsidiary of Cable & Wireless of the UK...

Asset swaps and rights in Hang Lung restructuring

By Michael Murray in Hong Kong
HANG LUNG Development, the Hong Kong property concern, yesterday announced details of a group restructuring...

Amrel gloomy despite interim advance

By Jim Jones in Johannesburg
AMREL, the South African furniture retail chain, is gloomy about trading prospects...

Profits ahead at Pretoria Portland

By Our Johannesburg Correspondent
GREATER ACTIVITY in South Africa's building and construction sectors helped lift the earnings and sales last year of Pretoria Portland Cement...

IHI returns to the black

ISHIKAWAJIMA-HARIMA Heavy Industries, Japan's second largest shipbuilder, staged a turnaround during the half-year to end September...

Permanent Trustee Company Limited
Acting in its capacity as Trustee of the Queensland Coal Trust
Floating Rate Notes due 1998

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark lower against yen

THE D-MARK fell sharply against the yen in currency markets yesterday. The yen continued to improve...

The dollar reacted favourably to better than expected US employment data for October. But dealers stressed that the improvement is likely to be limited...

IN NEW YORK

Table with columns: No. 4, Date, Price, Premium

STERLING INDEX

Table with columns: No. 4, Date, Price, Premium

CURRENCY RATES

Table with columns: No. 4, Bank, Special, European, Currency, Date

CURRENCY MOVEMENTS

Table with columns: No. 4, Bank, Special, European, Currency, Date

OTHER CURRENCIES

Table with columns: No. 4, Bank, Special, European, Currency, Date

FORWARD RATES AGAINST STERLING

Table with columns: No. 4, Bank, Special, European, Currency, Date

MONEY MARKETS

Table with columns: No. 4, Bank, Special, European, Currency, Date

UK rates steady

INTEREST RATES were barely changed in London yesterday. Any change towards a flat yield curve...

FT LONDON INTERBANK FIXING

Table with columns: 3 months US dollars, 6 months US dollars

MONEY BILLS AND BONDS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LONDON MONEY RATES

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE EURO DOLLAR OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE SHORT STERLING

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE FT-SE INDEX FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE 10YR BOND FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE 5YR BOND FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE 3YR BOND FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

LIFFE 1YR BOND FUTURES OPTIONS

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LIFFE 6M BOND FUTURES OPTIONS

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LIFFE 3M BOND FUTURES OPTIONS

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LIFFE 1M BOND FUTURES OPTIONS

Table with columns: No. 4, Bank, Special, European, Currency, Date

WORLD STOCK MARKETS

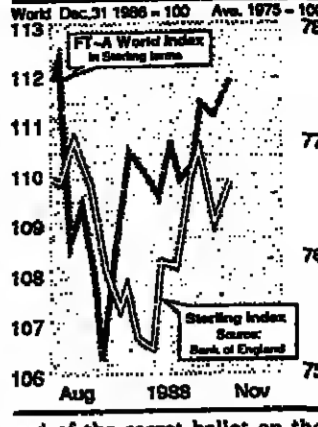
European laggards catch up and may still have a way to go

The stock markets of continental Europe have proved among the best performers in 1988. While domestic investment institutions have been stagnant, particularly in the early part of the year, a combination of foreign investment and the building of strategic stakes by corporate buyers has pushed these markets higher.

A part from the obvious benefits for the companies concerned, this would reinforce the expectation that capital spending will remain high in Europe. This would help the prime producer of capital goods in Europe - West Germany - and further reduce the latter's vulnerability to a collapse of the dollar.

West Germany and, to a lesser extent, Switzerland remain the favourites of many investors. Inflation in Germany is low, in spite of the introduction of consumption taxes which will induce a one-time increase. If the Bundesbank remains happy with the level of interest rates - which is highly dependent on the dollar - we could

point out that the flow-of-funds picture improves next year after this year's new issues are absorbed, while the introduction of pension funds to the country should help further. Many agree the most recent French rally has been overdone, but the overall picture looks solid. Economic fundamentals are supportive, while the flow-of-funds prospects are regarded as positive, particularly with the weight of new supply through privatisation being taken off the market.



World Dec 31 1986 = 100. Nov 1979 = 100. FT-A World Index in Sterling Index. Source: Bank of England.

AMERICA

Unexpected jobs increase hits Dow

Wall Street The morning retracing its losses before starting to fall again just before lunchtime. By 3 pm, the Dow was down 10.84 at 2,159.50. Trading was moderately heavy with 89m shares changing hands.

The sharp upward revision in September's employment figure. The company was rumored as a takeover target for a European suitor. Telerate added 5% to 15% after Dow Jones agreed to increase its stake from 57.1 to 66.5 per cent.

ASIA PACIFIC

Concern over strong yen wipes out gains

Tokyo TRADING started on a firm note, encouraged by Wall Street's overnight strength, but sentiment soured amid growing concern about the stronger yen, and sharp prices slumped down. In later trading, writes Michio Nakamoto in Tokyo.

underlying assets, notably property holdings, and for their involvement in redevelopment projects stayed in the spotlight. Ishikawajima Harima Industries, with significant land holdings in the Tokyo Bay redevelopment area, rose 730 to 11,300. It was the third most buoyant stock at 110.8m shares.

EUROPE

Late flurry gives Paris an exciting finish

THE JOBS figures from the US provided a nervous end to trading in hard currency markets yesterday as the dollar picked up strongly. Elsewhere, the picture was mixed, with Paris seeing more speculative activity, writes Our Markets Staff.

and then say you're not going to do so. FRANKFURT rallied in thin trading on a pick-up in the dollar, with many investors, especially from overseas, staying away before the US election on Tuesday. Most of the gains came in the early part of the session, and late profit-taking left blue chips mixed.

CANADA

Light early trading saw Toronto stocks drop

LIGHT early trading saw Toronto stocks drop, following the report of a larger expected rise in US jobs and amid uncertainty over the Canadian election and the proposed free trade agreement with America.

SOUTH AFRICA

The motionless billion price left Johannesburg gold shares mixed

THE MOTIONLESS billion price left Johannesburg gold shares mixed to lower. Randfontein was unchanged at R270, Vaal Reef dipped R2.50 to R285.50, Harties shed 50 cents to R23.50 while Driefontein picked up 50 cents to R37. Most mining issues eased: diamond stock De Beers slipped 45 cents to R45.90.

FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday November 3 1988, Wednesday November 2 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, and The World Index.

PRIVATE HEALTH CARE advertisement. Text: Major issues facing the private health care sector in Britain will be discussed at this two-day conference and will include the importance of co-operation between the public and private sector, employee health care, new dimensions in health insurance and care of the elderly. Speakers include: David Mellor, MP, QC; Harriet Harman; Robert Graham; Marvin Goldberg; John Chawner; David Willetts; Derry Andrews; Peter Townsend; Dr Derek Taylor; Paul Stacey; Marks and Spencer; Nuffield Health Care; Mike Stockwell; Prof Jan Bianpain; Kodak; European Health Policy Forum; Peter Farmer; Joe McGraine; Arthur Young; 3i. For further details and registration form please contact: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4JL, Telephone: 01 925 2323, Fax: 01 925 2125 Telex: 27347 FTCONF G.

LONDON STOCK EXCHANGE

Still little firm support for equities

A STEADIER performance by the US dollar yesterday failed to dispel entirely the clouds hanging over the blue-chip exporting stocks on the London stock market.

whether Mr Bond plans to cooperate with Mr Rowland, the London chairman, or to do battle with him.

Market analysts continue to predict a recovery to around the FT-SE 2000 mark, but have become less confident of the time scale for such a rally as successive resistance levels have been swept aside this week.

Confidence in the retail sector remained shaky following this week's disappointing interim figures from Marks & Spencer.

Government bonds, although steady at first as the pound remained firm, eased off when early trading in the US bond market saw prices falling in reaction to the Federal employment and wages statistics.

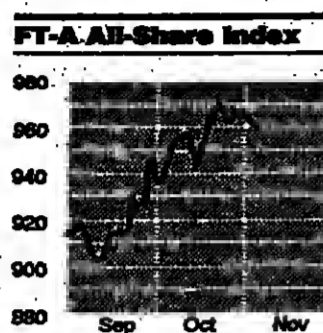
Another Bond stake unloaded

Recent speculation that Bond Corporation would sell its 14.9 per cent in Standard Chartered Bank at the first available opportunity proved to be accurate as brokers Cazenove and BZW moved into the market yesterday to place the stake.

Dealers said that the Bond stake and the accompanying rights were sold early yesterday with 35m sold at 47 1/2 and the rest at 47 3/4.

The latest Bond Corporation disposal led to heightened speculation of the Australian group regrouping to step up its onslaught on the UK market.

There were some who doubted Mr Alan Bond's ability to fund a full takeover of Lonrho, but felt sure he would continue to pressure the board.



the price raced higher. Business eventually slackened when buyers, having filled their immediate requirements, began to sit back, only to improve again late.

Property group Moundleigh's decision to exercise its right to buy up to 18.5m of its own shares followed hard on the heels of the announcement that it had terminated bid talks with Wembley.

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its chief executive, Mr John Duggan, and Mr Brian Wolfson, chairman of Wembley and a non-executive director of Moundleigh.

International stocks traded steadily in the morning session, but fell away later on as one leading securities house advised clients to take trading profits on leading pharmaceutical issues.

Among Food stocks, Gateway rose 6 to 170p in chunky turnover of 5.5m shares.

could well have changed hands. There were stories that another merchant bank had picked up a near 6 per cent holding and that a West German group may have added to its stake.

Attention in the market focused on two trades in Baine of 8.5m shares, both of which were carried out at 88p.

Ward White, down 7 at 279p, failed to derive any benefit from unconfirmed reports that a buyer has been found for its Owen Owen subsidiary.

Among Food stocks, Gateway rose 6 to 170p in chunky turnover of 5.5m shares.

advice to "top-slice" the shares now and wait for the interim statement, due on November 14.

The Tarmac bid for Ruberoid was given the go-ahead by the Office of Fair Trading and Ruberoid closed 6 higher at 279p, with Tarmac a shade firmer at 254p.

Ward White, down 7 at 279p, failed to derive any benefit from unconfirmed reports that a buyer has been found for its Owen Owen subsidiary.

Among Food stocks, Gateway rose 6 to 170p in chunky turnover of 5.5m shares.

WEEK IN THE MARKETS

Platinum steals the limelight

PLATINUM EASILY outshone other commodities this week as a bumper harvest of the metal and increasingly tight supplies drove prices to the highest level for nearly four months.

particular in the form of coins. The Australian Koala coin was launched by the Perth Mint in September, to join the Isle of Man's long-established Platinum Noble.

Peruvian miners' strikes. Those who apply to the zinc market but have not yet been affected by the strike started, after the strike started, that metal continued in retreat this week.

Nickel put on a spurt on Monday, when a sharp fall in LME warehouse stocks triggered a \$1,250 rise to \$13,150 a tonne in the cash position.

GIROBANK has appointed Mr Stephen Anderson as general manager. London. He was general manager for the bank's north west region.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, P/E Ratio, SEAC Bargains, Equity Turnover, Shares Traded, etc.

● S.E. ACTIVITY Indices Nov. 3 Nov. 2

TRADING VOLUME IN MAJOR STOCKS

Table with columns for stock names and trading volume statistics: Volume, Price, Change, etc.

remained keen and the stock ended down 10 at 66 1/2p. Inury Merchant advanced 6 to 43 1/2p on press speculation that a management buy-out is being prepared.

APPOINTMENTS

Queen's Printer: Dr Paul Freeman, director of the central computer and telecommunications agency... Preparing for 1992: RACAL-CHUBB has made the following appointments in preparation for the single European market in 1992.

Compliance director: Mr James Norton has been appointed group compliance director of MORGAN GRENFELL. He succeeds Mr George Law who is retiring at the end of the year but who will remain a consultant on compliance and credit control.

Handwritten text at the top center of the page, possibly a date or reference number.

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns for company names, fund names, and performance metrics. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and American stocks.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international investment vehicles.

Money Market Trust Funds

Table of Money Market Trust Funds listing various short-term investment options.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various high-interest banking products.

UNIT TRUST NOTES: Detailed explanatory text regarding unit trusts, their risks, and how they are managed.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

BUILDING, TIMBER, ROADS - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

ELECTRICALS - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

ENGINEERING - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

INDUSTRIALS (Misc.) - Contd. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

CANADIANS Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

BANKS, HP & LEASING Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

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HIRE PURCHASE, LEASING, ETC. Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

BEERS, WINES & SPIRITS Table with columns: Stock, Price, % Chg, Bid, Offer, etc.

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LONDON SHARE SERVICE

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PROPERTY - Contd

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TRUSTS, FINANCE, LAND - Contd

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Weekend FT

SECTION II

Weekend November 5/November 6, 1988

THE WAR memorial in St André de Vézines stands in its own small square just by the church. On three sides, it carries the names of 28 young men from the southern French village who fought and died for their country in the First World War.

Today, there are fewer than 28 men in the whole of St André de Vézines. For the pretty stone-built village, high up on the Causses limestone plateau which judges the Massif Central, has suffered from an exodus of people as severe as anything experienced in Europe this century.

The French call the process "desertification." Dozens of villages in the Causses, an area of great natural beauty dissected by deep limestone gorges, and hundreds of hamlets elsewhere in the mountainous and remote Massif Central are already derelict.

At least St André still has about 40 people: a few years ago, sensing the danger, they banded together to reopen the village store. Gabriel Gely, a sheep farmer and one of the leading lights in that campaign, helped get subscriptions together, even seeking out erstwhile villagers in Paris. His sister-in-law now runs the store. "It's been a great effort," she says, as she lumps the twice-weekly-delivered *paquet de campagne* on to shelves. "But at least we don't now have to drive to Millan for our every need." However, most of the villagers do still have to negotiate the precipitously winding roads to Millan — one of the department of Aveyron's three towns — several times a month, either because there is no doctor, secondary school, cinema, restaurant, butcher or department store nearer at hand.

The principal reason for the desertification of much of central and southern France's less hospitable countryside is simple: farmers are leaving the land in ever increasing numbers, either because they are too old to go on farming and have no natural or willing successors or because — if they are younger — they and their actual or would-be spouses find the desolation of farming increasingly hard to bear.

Some 7 per cent of France's active working population still works on the land compared with under 2 per cent in Britain. Yet, more than half of those estimated 1.5m French people are more than 50 years old. Around 150,000 of them are over 65. This is the heart of the problem, although it is being aggravated by the recent downturn in farming's profitability throughout the European Community. Farming's fortunes are declining as governments try to control the huge food mountains built up in the 1970s which spiralled subsequently into unaffordable farm budgets.

Farmers are, of course, leaving the land elsewhere in Europe — the highlands of Scotland have long suffered from the departure of the crofters, sheep farmers are leaving mid-Wales, and in Italy and parts of Spain and Greece the exodus is gathering pace, for some of the same reasons. But its effects are starker in France, which has, for example, three times more agricultural land than Britain.

Critically, France also has a tradition of small family farms which have been bolstered, rather than undermined, by the EC's common agricultural policy. The fundamental inability of much land to maintain the numbers of farmers still on it has, until recently, been masked by the high levels of support farmers have received from Brussels and from Paris.

Desertification on the scale now threatening poses an acute problem for France, as the Minister of Agriculture, Jacques Darmanin, readily admits. Much of French agriculture is highly efficient; the country is the EC's premier agricultural



The French call it desertification, a process that has left hundreds of hamlets derelict. Bridget Bloom finds out why it is happening

Only stones left to harvest

producer and exporter and second only to the US as a world exporter of farm and food products. Yet, with only a few exceptions — including some wine-growing areas — this production comes from the top third of the country. "You could draw a line from Nantes in the west through Montargis and Strasbourg in the east and everything south of that could become a great national park," Nallet said, only half-jokingly, in an interview last month.

Not surprisingly, a national park is what Gabriel Gely (and seemingly every other farmer you meet) seems determined to prevent. The public debate on desertification has barely begun: until very recently, it was something that ministers and farmers' union officials preferred to sweep under the carpet as they coped with farmers' anxieties about the reforms of the common agricultural policy. But if Nallet and farmers' officials agree on one thing today, it is that ways must be found to keep farmers on the land that will allow them — as Gely put it disparagingly — to be "something more than park-keepers."

The department of Aveyron, in which St André de Vézines is situated, well illustrates how difficult this will be. Tucked into the southern end of the Massif Central and stretching almost as far south as Montpellier, it is France's fifth largest department — although with 32 people per square kilometre, one of its most sparsely populated. The land has lost a lot of people already. You hear often there are more Aveyronais outside the department than in it: and travelling across the narrow valley of the Lot river towards the Massif Central, you learn that the sudden flush of substantial country villas are second or

retirement homes built by those who made good in Paris or elsewhere.

But there are few second homes in the less favoured areas of the department — defined as 90 per cent of area, agriculturally — and nor are there likely to be, for most are very remote and increasingly without services. Here, farmers are leaving at an alarming rate. They are going from the dramatic limestone valleys, topped by huge cathedral-like rocks, they are leaving the Causses plateaux above the great gorges, where moon-like scrub and rock gives way suddenly to pockets of good arable land; and they are going fast from the Aubrac, up in the Massif, where you find only the very occasional cowman hand-milking his herd out on the summer grasslands.

Today, Aveyron has about 15,000 farmers — half the number it had 25 years ago. No-one seems to want even to guess how many might leave in the next 10 or 25 years. Yet, despite quite a high rate of attendance at farming colleges, less than 15 per cent of Aveyron's farmers are under 35 and more than 40 per cent are over 50. In the Aveyron, cows and sheep for milk and meat are the farmer's mainstay. "Were it not for our cheese and our beef and our great open spaces, which visitors like," says Roland Salles, an official with the main farmers' union, the FNSEA, "we really would be a desert." Even with these sources of revenue, farmers' incomes are low. Salles reckons farmers average Fr60,000 (about \$8,000) a year cash income, with taxes still to pay. How important is EC and other aid in

that total? Antoine Raymon, who has actually come back from Paris with his young family to farm in the Massif (and who is uncertain if he will see out his life there) has the straight answer. Aveyron's farmers get the EC's support prices for farm gate sales, but 90 per cent of them also get compensation because they farm in the mountains or "disfavoured areas." Raymon says: "Without this, two-thirds of us would disappear tomorrow."

It seems unlikely that this vital aid will disappear. Indeed, the European Commission in Brussels has just opened its own debate on the future of rural areas with a report known as *Le Monde Rural*, which recognises that such aid must continue. But it states firmly that it is no longer enough to consider agriculture as the basis of the rural economy in areas like Aveyron.

Diversification is one of Brussels' buzzwords in this connection. So, too, are "value added" and marketing. Aveyron is trying all three — both in farming and in the search for a wider economic base. Gabriel Gely, for example, is one of 3,200 farmers rearing the special Lacaux ewes which produce the milk used to make Roquefort cheese. This is an *appellation d'origine* cheese: much as high-quality wine is subject to the *appellation contrôlée* system, so the small numbers of farmers and processors involved in making Roquefort operate tight controls to achieve a high-quality product which can be sold at a premium and give farmers a better living.

The little town of Laguiole, which already produces an *appellation* cheese, is pinning great hopes on the extension of

this system, but it is also seeking other ways of survival. Mayor Cromieres proudly shows visitors the new *otelier* where young craftsmen assemble born-handled knives, while just outside the town they are extending the piste for winter skiing.

In the whole of Aveyron, they are trying to boost tourism. Philippe Singla and his father, Paul, farming alongside a lake created 20 years ago by Electricité de France, have developed a sophisticated 150-birth lakeside camping site to which Philippe this year has added a discotheque. "There are more people going to discos today than go to church," he says laconically. "We must move with the times." But even the Singla family, the view from its dining room a marvellous panorama of contented cows in green fields against the lake and distant hills, is worried about what it calls the advancing desert. "If it weren't for the lake, we'd be finished," Philippe says.

For Aveyron, beautiful, quiet and remote though it is, has nothing so special that tourism can be its salvation. Farmers in Aveyron ask repeatedly, as they come back to the central question of their continued existence and point out tourism's limited three or four month season: how do we stay here so that, when the tourists and wharves — as well as country small-holdings under new ownership and run primarily for pleasure. But Nallet believes that, for the foreseeable future, much of southern France will remain too remote for similar growth to take hold. France is paying for its size. It will not initially be through English-type self-generation at the rural exodus will arrested, but through what could turn out to be a much more painful process of adjustment.

begun in the past year to back Britain in the drive for CAP reform. As Nallet describes it, the exploding farm budget has to be controlled and, towards that end, the Government believes farmers in the richer north can and should receive less public aid and become more competitive. That way, they will maintain their premier position in EC and world markets.

In the south, though, farmers need more flexible and broader-based policies to cope with their needs. Like Brussels, Nallet would see the special compensatory payments continuing; he would extend the *appellation d'origine* system to other mountain products and would continue to encourage tourism. He makes no rash promises but notes the bitterness in Aveyron at, for example, its poor communications.

Nallet is, however, also talking about the need to reform the rigid structures which for long have controlled French agriculture — for instance, laws which can prevent the formation of bigger farms, or insist that only a person trained and earning most of his living from farming can enjoy preferential credit. At the same time, Nallet has called on the state to look again at the highland taxes which farmers pay. Nallet does not shy so, but others do: if the reforms in which he believes were introduced, they could help shift what many believe is a serious barrier to initiative in areas like Aveyron: the *metairie du Midi*.

Most farmers, owners or tenants on their land for generations, "seem more ready to leave their farm, or see their children leave, than to sell it to their neighbours to make more efficient farms," one official said. Antoine Raymon, explaining surprisingly high land prices of Fr15,000 to Fr35,000 a hectare, says: "We buy or sell our land with passion, not reason."

Nallet accepts that there is little he can do to stop those near retirement from leaving the land. But, quite controversially, he lists immigration among his remedies to arrest desertification. "If we can get land prices right and encourage bigger land-holdings, I would love to welcome Scots farmers in some areas," he says. He tells how much foreigners have done for agriculture in other parts of France, listing the contribution of Algerian *piéds noirs* in the 1950s to the diversification of farming in the Dordogne.

What Nallet does not believe, however, is that most of the areas now suffering depopulation will see the sort of revival which many parts of rural Britain are experiencing, in East Anglia, as well as west along the main transport routes towards Devon and south Wales, there is an explosion in property and land prices which has had little to do with agriculture. Its motivating force has been improving transport and the ability of industry and services — thanks partly to the high-tech and information revolutions — to establish themselves far from conurbations.

Britain's burgeoning rural revolution is being fed by the expansion of the economy as a whole. The non-farming activity it is spawning ranges from new "science parks" to small engineering or craft industries in once desolate areas, or wharves — as well as country small-holdings under new ownership and run primarily for pleasure. But Nallet believes that, for the foreseeable future, much of southern France will remain too remote for similar growth to take hold. France is paying for its size. It will not initially be through English-type self-generation at the rural exodus will arrested, but through what could turn out to be a much more painful process of adjustment.

The Long View

Meagre returns from Reaganomics

NEXT WEEK we shall at last be sure who will succeed Ronald Reagan as President of the United States, although it looks very much as though enough of the Reagan magic will stick to George Bush to ensure that he remains in office. Aside from a little foreign exchange nervousness this week, the financial markets have generally welcomed the growing opinion poll lead. But will they feel the same way about him in four years' time if he behaves like his predecessor?

Ronald Reagan's presidency has featured some astonishing paradoxes. The US economy has been strong almost throughout his period in office, and the GNP growth rate will hit 4 per cent for 1988. He has put America back to work so that the economy today is almost at full stretch. Despite the hints of corruption and incompetence at the White House, he retains the admiration of the American people.

Yet, the price for economic growth has been high and the payment has yet to be settled. The US Budget deficit is likely to be \$160bn this year and there is no credible policy in place to close the gap. The trade deficit has stopped improving, and although the current account deficit could be a little smaller for 1988, at some \$130bn, it is now starting to be pushed up again by the growth of interest payments to foreigners. By the end of the new president's first term, the



Barry Riley

Ronald Reagan's popularity with Americans cuts no ice with foreign investors who would have done better to avoid the US during the past eight years

Europe outpaced the US equity market significantly. Japan performed nearly four times as well. The decline of America is symbolised by the shrinking importance of US equities within the global market place. When Ronald Reagan was first

sworn in as President, the US market capitalisation was half the world total. Now, it represents only a third and trails a long way behind Japan's 42 per cent share.

Moreover, the overall stability of the dollar has been pushed by external crisis. He might need to find some foreigners to blame. Candidates for this honour are not hard to find.

The Reagan years have seen a fundamental realignment in economic power. The rise in strength of Japan has not yet led to a fully proportionate assumption of international financial leadership by the Japanese Government, but the time is coming. The Americans also have to contend with Latin America, where strength derives from apparent financial weakness: the Mexicans have been bought off for \$3.5bn in the run-up to the election, but they will be back for more. By putting itself in the position of banker to Latin America, the US has succeeded only in undermining its own credit.

Foreign exchange nervousness this week reflected precisely the fear that the US does not take its problems seriously enough. And whereas Michael Dukakis might have a reason for taking the bull by the horns early on, Bush will bring with him a heavy load of Reaganite baggage.

The markets have been waiting a long time for this election. They may not wait very long afterwards.

Economic Commission, which is due to report to Congress in December. The question is whether he will have an incentive to take the initiative, or whether he will find it more convenient to wait to be pushed by external crisis.

He might need to find some foreigners to blame. Candidates for this honour are not hard to find.

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The markets have been waiting a long time for this election. They may not wait very long afterwards.

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*Source: Lipper Overseas Fund Table, 30.9.88.

†Offer to bid basis in Sterling; gross dividends reinvested — source: Guinness Flight Fund Managers (Guernsey) Limited.

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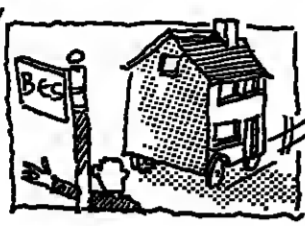
FINANCE & THE FAMILY: THIS WEEK

The boat comes in for offshore funds

From early in 1988 certain offshore funds will be promoted much more actively on the UK mainland...

Go-it-alone under BES

Setting up your own company to invest in letting assured residential tenancies under the Business Expansion Scheme is well worth whatever bother it involved...



London? How old-fashioned!

James Buxton reports on Allied Provincial's Bernard Solomons, who is happy to be out of the capital.

Unit-holders: your vote counts

Unit-holders are notoriously apathetic about voting on management-proposed changes to their funds.

The best in business reading

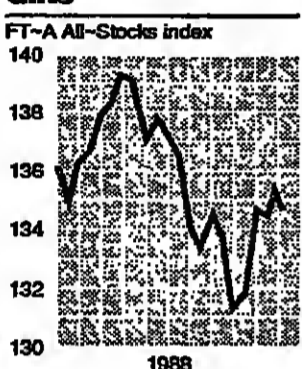
Want to know about the changes in the City, the rise of the petrochemicals industry, or how to manage stress? All this and more in our Business Books survey.

UNIT TRUSTS: Sales success for M & G

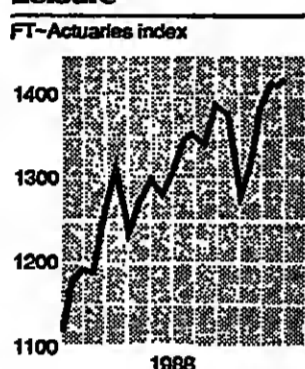
EXPATRIATES: Tax and the married woman

BRIEFCASE: Your questions answered

Gifts



Leisure



A golden time for gilts

The gilt-edged securities market has been one of the best performing of all UK security markets over the past year...

Leisure sector still on form

The Leisure sector on the London stock market continued its recent upbeat form. Wembley shares surged on confirmation that the company is in talks with property group Mountleigh...

South east housing boom 'is over'

The housing boom is over, at least in the south east, according to the Halifax Building Society, its latest figures out this week showed that house prices rose by only 1.5 per cent in October...

Unit trusts show investment gain

Unit trust investment performance improved in October. Figures for the month, issued by Micropal, showed an average gain of 1 per cent in value by the 1,214 funds.

LONDON

Lawson's sparklers fail to set Footsie alight

A WEEK that ends today with Guy Fawkes Night ought to have been worth a few fireworks on the stock market. However, Halloween's on Monday did more to set the mood with the markets...



Chancellor Nigel Lawson

The FT-SE 100 Index fell 14.6 points on Wednesday, the day of the Chancellor's statement, and having reflected overnight, traders knocked a further 5.6 points off the index on Thursday...

A whole new science, perhaps called Lawsonology, seems to have developed, with practitioners examining every utterance from the Chancellor for evidence of shifts in economic policy.

Broadly speaking, what the Chancellor said about the economy was no worse, but little better, than the analysts expected.

JUNIOR MARKETS

Success is sweet for Darby and Joan

I CANNOT imagine why disco dancers should wish to hop on a glass floor rather than enjoy the bounce of traditional wood. Neither, for that matter, can Michael Darby...

The glass, of course, is tempered, a process that involves heating it to 700 degrees Celsius to toughen it and make it shock-resistant.

Darby Group, which started out in 1973 providing annealed (ie, non-safety) glass for the building trade, took a major shift into producing tempered glass in 1983...

Darby Group is based in Scunthorpe and was set up, according to Michael Darby, by two "youthful enthusiasts" - he and his wife, Joan.

cautious, and his prediction for a similar surplus next year was very well received. However, analysts are much more doubtful about his targets for inflation and the balance of payments.

Phillips & Drew, for example, are forecasting a peak inflation rate of 8 per cent, falling to only 6 per cent by the end of next year.

The markets were pleased with the Chancellor's fiscal policy. His forecast for the current year's budget surplus - £10bn - is perceived as being

HIGHLIGHTS OF THE WEEK

Table with columns: Price y'day, Change on week, 1988 High, 1988 Low. Lists various stocks like FT Ord. Index, Avon, Kodak International, etc.

beginning of the 1980s, designing and manufacturing its own door and window systems and making insulating (double and triple glazed) glass units.

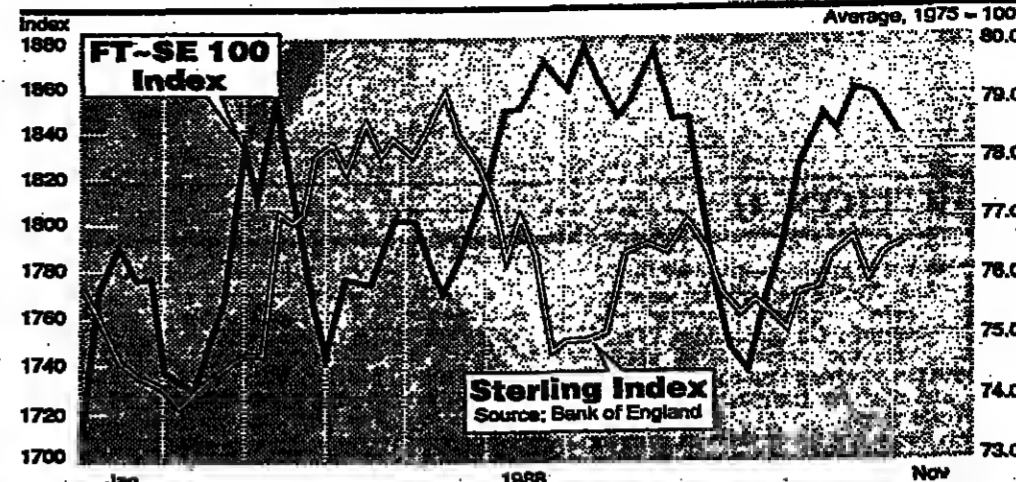
They commissioned their first tempering plant in November 1983, financed by equity funding from Norwich Union Venture Capital, and began commercial production the next year.

Serving a variety of industries, its customer base is wide. It has more than 550 active

accounts, with no one customer accounting for more than 5 per cent of turnover. National contractors in the building industry, including Wimpey and McAlpine, use Darby glass in domestic and commercial construction.

Domestically, tempered glass is used in conservatories, for sliding patio doors, for dining and coffee table tops, for cooker and microwave door panels, and for shelves.

The flotation has a threefold aim, the most important being to allow Darby to expand into the production of bent tempered glass.



market's favourite, George Bush, now looking increasingly like a certain winner. The enthusiasm for the Vice President is based, it seems, on folk memory of big-spending Democrats rather than any positive support for the Republican's economic policies.

Indeed, for much of this week the dollar fell sharply as the markets woke up to the fact that Bush is unlikely to cut the US budget deficit.

Means that Maxwell is selling the old BPC, the company which returned him to stock market favour. Meanwhile, this week's buyer of Lonrho shares was, for once, not an overseas company.

A whole new science seems to have developed, with practitioners examining every utterance from the Chancellor for evidence of shifts in economic policy

Another potential Bond target, Allied Lyons, raised over £100m by selling its stake in HPC, a US oil and gas company, to Gulf Canada.

threat of a takeover bid from Alan Bond, who owns 30 per cent, appeared to increase when the Australian "cleared the decks", selling his 13.4 per cent stake in fund management company M & G...

Elsewhere, there was little concrete takeover news this week. Cable & Wireless's £284m bid for Telephone Rentals reached its first closing date with few acceptances...

However, Tarmac managed to clinch victory in its bid for Ruberoid, following the announcement that the deal was not being referred to the Monopolies and Mergers Commission.

Philip Coggan

Bond's retreat cheers M & G

PADDY LINAKER, chairman and managing director of M & G, Britain's largest unit trust group, was out celebrating the sale of the 13.4 per cent stake in M & G by Australian businessman Alan Bond...



Paddy Linaker, celebrating

"It's what we thought would happen as he had been intending he would sell," added Linaker, "but you never know with that gentleman because he's quite erratic. It's exactly what we wanted."

Linaker's thoughts must be shared by many of M & G's 250,000-odd unitholders who were concerned when the Bond Corporation lifted its shareholding in M & G to more than 13 per cent...

M & G's independence is long cherished, although it has received plenty of approaches before Big Bang, and got very close to Kleinwort Benson at one point.

But the desire to remain independent was also rooted in a cultural tradition. Becoming part of a financial conglomerate was by Alan Bond would have some right against the grain.

To Linaker and his investment managers, being able to run their own business is the key incentive. If they perform well, they take the credit. If they don't, the business suffers.

M & G also has a conservative management style, but this must have been shaken by the departure of David Hopkinson and other top executives.

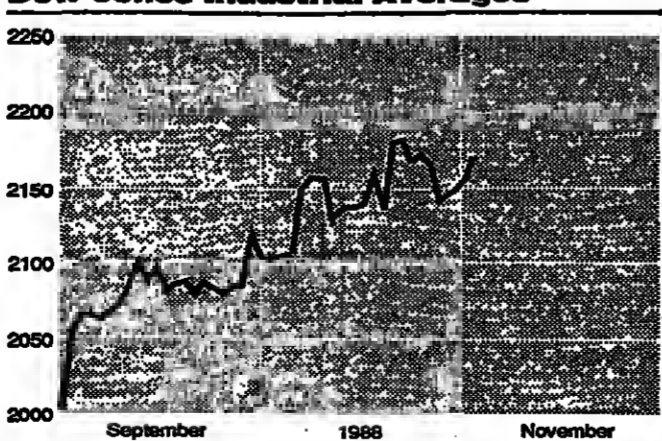
The approach has been vindicated by the strong historical performance of UK funds such as Recovery and Midland and General and the North American funds. However, the Far East has been a little disappointing.

Heather Farmbrough

WALL STREET

Murphy's law of elections

Dow Jones Industrial Averages



between elections and stock market performance was simply an example of the operation of what might be called the Murphy's Law of simple-minded investment (or more pretentiously as "efficient market" theory) - any straightforward mechanical device for predicting stock prices invariably stops working as soon as it becomes common knowledge.

argued that President Carter, with his tortured soul-searching about America's economic "malaise," was a traditional Republican and President Reagan, with his boundless fiscal generosity and hell for leather optimism, was a traditional Democrat.

More significantly, however, the breakdown of the historical relationships points to the peculiar condition of the US economy and its political system during the past 12 years. Most obviously, it can be

Board to squeeze inflation thoroughly out of the US economy by orchestrating an unprecedented second recession in 1981-82.

It was that double recession in 1980 to 1982 that laid the foundations for the uninterrupted growth which the Reagan Administration has enjoyed since. Whoever comes into the White House this time round - and the odds are overwhelmingly in favour of Bush, largely because of Reagan's economic successes - will face a very different outlook.

Anatole Kaletsky

FINANCE & THE FAMILY

IN THE NEWS

Gems on offer

THE GEM Collection is the fancy name used by Clerical Medical for a range of funds, graded according to their risk-reward ratio.

The group says its research shows that, since the stock market crash last year, investors particularly want to be able to identify easily the risks involved. So, the Collection includes three basic funds.

They are: Emerald for safety, with investments in property, cash and gilts; Sapphire for a balanced approach with a mixture of property, shares and gilts (it was previously called the Mixed fund); and Ruby for the more adventurous, investing in a range of UK and overseas shares.

Initial charge is 5 per cent and there is a new annual management fee of 0.75 per cent. But bonus allocations of units for lump-sum investments are being offered during the launch period up to December 12.



Illustration of a person's face.

be guaranteed an interest rate no higher than 12.75 per cent, while those borrowing over £50,000 will be charged 12 per cent.

Credit Suisse Backmaster & Moore is offering a unit trust savings plan that channels investors' money into any of six trusts once a month. This means investors buy more units in months when prices are low. The minimum investment is £25 a month and the plan can be cashed-in at any time.

Lloyds Bank says it has responded to customer comments by splitting its existing Cashflow account into two new ones. These are the Cashflow, a revolving credit account with a Lloyds Visa payment card and a cheque book; and the budget account to help customers pay household and other monthly bills.

The Cashflow account comes with a permanent credit limit. Customers can make purchases at any retailer and get a monthly statement from their bank, rather than separate statements from store-card companies. Interest is charged monthly at 1.8 per cent (APR 23.8).

The budget account is a straightforward account into which a regular amount is transferred each month. It comes with cheque book and card.

Hill Martin, the Bristol-based firm offering personal financial planning and investment management locally, is launching this service nationally, aiming to attract investors with £100,000 or more of assets.

Bradford & Bingley Building Society has launched its first fixed-rate mortgage at 11.25 per cent. It is available with any repayment method and home-owners can borrow up to 90 per cent of the value of their new houses providing the loan is at least £30,000.

Bristol & West Building Society has capped its mortgage rate until January 1, 1990, for new applicants. Borrowers receiving mortgage advances up to £80,000 will

Adam Faith (above), the pop star turned financial adviser, opened the Money Show at Olympia, London, on Thursday. Although the number of exhibitors has fallen by some 12 per cent to around 220 firms, the show is now based more broadly, with eight centres offering advice on different financial subjects and a programme of free seminars. Opening hours are 10 to 6 pm today and 11 to 5 pm tomorrow, when it ends.

Top Marks

THE SALE by Marks & Spencer of Investment Portfolio unit trusts worth £56m during the initial launch period underlines the fact that, whatever the product being sold, a well-known and trusted brand name is still the greatest asset in marketing.

More than 52,000 investors were not put off by the high charges, nor the rather unusual investment objectives, of this trust. Over 38,500 of these made lump-sum investments averaging £1,400 - more than double the average investment in the Royal (Life) Event last year.

Even more surprising is that 12,500 people took out the regu-

lar savings plan, although the average monthly payment of £26 is somewhat low. Very few investors take out regular savings plans in the initial launch period. That normally comes later.

Now M & S, as the first retail group to try selling its own branded unit trust to an untapped market, will have to live up to its name for providing good-value, quality products.

With the honeymoon initial offer period over the group will be judged, like any other unit trust group, on investment performance and administration service.

Eric Short

New schemes to lure investors

Pru and con

VARIATIONS ON a fixed-interest theme, combined with equities, is the signature tuna of the latest offerings seeking to lure back investors into the stock market. Prudential's scheme is called Private Portfolio. Investors put their money into the Holborn Cash fund, a deposit-based account, but their money is transferred gradually into equities through an "innovative feature" called programme switching. The idea is hardly innovative, but the Pru says it does enable the investor to take advantage of pound cost averaging.

Investors' money is transferred from the life-fund into units in a way that reduces the cost of buying these in a fluctuating market. In a month when unit prices drop, more units are allocated; when the price increases, fewer units are allocated.

Holborn investors have up to two years to move their money away from the Cash Fund by selecting from a range of 20 equity funds. However, there are several disadvantages. For a start, the programme switching facility is not available until policy-holders have put in at least £10,000, although the minimum investment is only £2,000.

Furthermore, Holborn is charging a management fee of 0.75 per cent annually for investors in the Cash Fund - rather a lot for what is simply a high-deposit account needing little active management. After all, there is no charge for holding money in a building society account, and it is not difficult to shop around for trusts with regular savings schemes, thereby offering a much larger selection than only 20 funds.

Under Gartmore's Capital Development plan launched this week, investors' money is put initially into a high-interest deposit account paying money market rates, and then switched on a monthly basis over the next 12 months into the Gartmore unit trust of your choice. In the 18th month, the interest earned in the deposit account is used to buy a final instalment of units.

A one-time administration charge of 3 per cent is levied at the start of this plan. However, you get a 3 per cent discount on the unit trust purchases and, at the end of the 18-month period, there is a 4 per cent loyalty bonus. The minimum investment is £2,500.

Canada Life's "Duet" is described as a double guarantee bond offering an interest rate of 8.1 per cent net and your capital returned at the end of five years. The idea is that out of the total investment (minimum £2,500), 70 per cent goes initially into a Guaranteed fund and 30 per cent into a unit-linked Leading Companies fund. The latter aims to invest in companies regarded as leaders in their particular sectors, like Anstrad and Cadbury Schweppes. The Guaranteed fund is invested mainly in fixed-interest securities.

Investors can switch money free of charge from the Guaranteed fund into the Leading Companies fund to take advantage of any upsurge in the stock market, but the guarantee of no loss on the total investment will be valid only if, at the end of the five years, the 70/30 proportions remain unaltered.

Heather Farnbrough

Barry Riley on how new laws affect overseas territories

Offshore race hots up

THE RESULT of the great designation race for offshore centres appears to be as follows: 1. The Isle of Man; 2. Jersey; and 3. Guernsey. Unplaced so far are Bermuda and Hong Kong. Meanwhile, Luxembourg is sneaking up on the inside under different rules and could snatch one of the minor places.

This is not so esoteric as it appears. From early in 1989, UK investors will notice that certain offshore funds are being promoted much more actively on the UK mainland. For instance, they will be advertised regularly in newspapers and magazines. The ones being marketed most prominently are likely to be high-yielding gilt funds and so-called umbrella funds which offer easy and cheap switching between specialist sub-funds.

The promotion of such offshore funds is illegal at present but will be legitimised by virtue of the delayed effects of certain clauses in the Financial Services Act. Until now, the rules of the old Prevention of Fraud (Investments) Act have imposed severe restrictions (unless slightly if funds have taken the trouble to obtain Stock Exchange listings). But offshore funds have still been marketable within the UK through professional advisers, as investors in Barlow Clowes International have found out to their cost.

Overseas territories have been offered two choices by the Financial Services Act. They can do nothing, in which case unit trusts and other funds will continue to be saleable only through intermediaries, under Section 76 (b). Alternatively, they can seek the status of designated territories under Section 87.

They need to prove to the satisfaction of the Department of Trade and Industry that the standard of investor protection for their funds is equivalent to that within Britain. If they succeed, their funds can be advertised and promoted on the mainland just

like UK authorised funds.

Negotiations have been dragging on with various territories for many months. In the end, the Isle of Man was first through the hoop, being granted designated status on October 24. In giving notice of this decision the junior DTI minister, Francis Maude, also gave notice that the concession for listed funds would terminate on December 31.

There is an exception, however. Funds domiciled in territories that have been designated by the end of December will retain stock exchange listing privileges until March 1. The significance of this is that after a territory is designated, its funds have to make individual applications to the Securities and Investments Board in London for recognition. Then they have to wait for a fixed period of two months until they can promote freely.

Effectively, therefore, Jersey and Guernsey have less than two months if they are to avoid the penalty that their listed funds will fall into a marketing "black hole."

How are they doing? Quite well, they say. Last Tuesday, the Jersey authorities completed all the legislation and orders which they think they need to satisfy the DTI, and bundled the documents off to Whitehall. Designation should be imminent. As for Guernsey, the last details have not yet been settled but the relevant rules are scheduled for completion this coming Tuesday.

Although Guernsey is running third in the race, it could end up as the most important offshore fund cen-



UK recognition but, in most cases, for more than one fund. Already this week, several Manx funds began supplying pricing information on the same basis as for UK authorised unit trusts, and this data is now grouped in an IOM section within the FT's unit trust prices pages.

What does all this mean for the average investor? Despite what happened in Gibraltar recently with Barlow Clowes International, the offshore fund industries in the Channel Islands and the Isle of Man have a clean record, and those jurisdictions have now had to tighten up their legislation still further. They have brought in compensation schemes in case funds should fail. The terms of the Isle of Man's scheme are identical to those of the SIB's mainland arrangements: full repayment up to £30,000, 90 per cent of the next £20,000, and then nothing above £50,000.

Guernsey has decided on a slightly different formula. It will pay only 90 per cent on the whole of the first £50,000. However, it will in addition pay 30 per cent of the next £50,000. It hopes to convince the UK authorities that this is equivalent to the UK basis.

Investors should watch out that going offshore does not involve higher costs, and does not involve their heirs in legal tangles should they die. In any case, with most types of equity funds the onshore investor has little or nothing to gain from choosing offshore vehicles.

Where the offshore centres hope to score, however, is through their tax

advantages. For instance, there is no tax on the income of their bond funds, and several managers have pressed home their advantages by marketing funds which yield anything up to 13 per cent (but be warned, this includes an element of converting capital into income).

As for umbrella funds, they offer a shelter against capital gains tax, now up to 40 per cent for mainland investors with high incomes. Investors can play the markets by switching between sub-funds, and they will not be liable to CGT until they eventually sell their shares in the umbrella.

However, the Inland Revenue may well be looking askance at such funds. It cracked down on offshore roll-up funds a few years ago when they achieved mushroom growth, and the umbrella funds could conceivably also get too successful for their own good.

Offshore centres may also promote funds using futures and options contracts. These will tend to be more speculative than normal funds, but this will not always be so because futures and options can be used to reduce risks as well as to increase them. Again, tax problems are likely to inhibit mainland funds although the UK authorities are in the process of devising rules that will allow them to be launched.

Luxembourg funds could also come into the picture in the near future. The Grand Duchy is seeking recognition under a different section, Section 86, as a member state of the European Community.

It is likely that Luxembourg will also be cleared before the end of the year, and its funds will qualify for promotion two months later. But its unit trust rules may differ more radically from those of the UK than those of the designated territories, although they comply with EC standards for collective funds.

Large advertisement for National Savings Certificates. Text: 'Here's another chance to re-energise your old Savings Certificates. 34th ISSUE RE-INVESTMENT LIMIT DOUBLED TO £10,000'. Includes details about re-investing in matured certificates and a 'THE MONEY SHOW' logo.

Advertisement for National Savings Certificates. Text: '34th ISSUE RE-INVESTMENT LIMIT DOUBLED TO £10,000'. Includes details about re-investing in matured certificates, a 'THE MONEY SHOW' logo, and the 'NATIONAL SAVINGS' logo.

How to go-it-alone

Heather Farmbrough explains the best ways to set up your own company under the BES

SETTING UP your own company to invest in letting assured residential tenancies under the Business Expansion Scheme is well worth whatever bother is involved. Not only do you qualify for the conventional BES shareholders' tax break but you also have the chance to make a fair amount of money from the company.

Charles Fry, of Johnson Fry, sees several attractions. "You buy the property you want and you are a master of your own destiny. You have the advantage of being a close company for corporation tax purposes (25 per cent compared with 35 per cent for most BES companies) and, as such, you qualify for tax relief on loans raised for the business. Once set up, it isn't a lot of work, either."

Although all properties built or bought must be for the purpose of letting to assured tenants, you need retain ownership for a minimum of only five years to qualify for tax relief. Shrewd landlords will arrange for tenants to agree to a five-year term so they can then sell the property with vacant possession. In any case, landlords will be in a much stronger position to get rid of tenants when the Housing Bill becomes law.

To qualify for BES relief, at least 80 per cent of the company's business must be in letting residential property. The purchase price must be no more than £25,000 in Greater London and £25,000 elsewhere. The company must not be listed on the Stock Exchange or Unlisted Securities Market. Shares in a BES company must be held for at least five years, after which disposal is free from capital gains tax. It is possible to have a rights issue at a later date, but original shareholders must then hold their shares for a further four years to qualify for CGT relief. Investors would also lose BES tax relief if they were to become tenants of the company's residential property.

One drawback is that setting up the scheme is time-consuming and complicated by the fact that not all tax offices, accountants and solicitors are yet familiar with the rules.

One way round this is to get someone else to do it all for you. For £2,500, you can buy a BES Property Starter Pack, marketed through the Alliance Group on behalf of BES Investment Research (BEST) which devised it. As part of the service, BEST will do all the tedious administrative work. Another idea is to fork out £250 for the Johnson Fry Smaller Company Assured Tenancy (Scat) file. This is a clearly-written guide describing the procedure for setting up your own assured tenancy scheme. It might be worth reading if you are neither a solicitor nor an accountant, but you would still need to consult both kinds of professional advisers.

Or you can do all the work yourself. The first step is to find some partners to act as fellow shareholders in financing the venture. Most schemes seem to involve around 10 people, as no single shareholder in a BES company can hold more than 30 per cent of the shares. But you have to be careful; for instance, your brothers and sisters count as separate shareholders, but parents and children do not.

The easiest way to form a company is to buy one "off the shelf" through one of the company service agencies listed in the Yellow Pages. The agency should do much of the initial paperwork for you and provide the necessary share certificates and so on.

The next step is to appoint directors and a company secretary. Bear in mind that directors drawing an income from the company are not eligible for BES tax relief on their shares. However, you can be a non-salaried director, and shareholder, to gain BES relief on any money you invest.

The secretary's role is administrative, or, as Tim Villiers of BEST says, "It's to do the tick-taking things which, if you get them wrong, will prejudice your tax relief."

You should then register the office: this determines which tax office you will be dealing with. Tax offices which are used to dealing with large BES sponsors, such as London, Birmingham and Cheltenham, may be more efficient. You will also need to send the articles and memorandum of association to the Revenue and apply for tax relief under the Business Expansion Scheme. After this, the company can raise loans if it needs to.

Only now can you go out and find your property and tenants. Ideally, you should find property where you can keep an eye on it without too much trouble, particularly if there is going to be redevelopment. As a landlord, you must provide amenities like hot and cold running water, toilets, baths or showers and so on, but you don't have to install separate washing, toilet and cooking facilities in each bedsit or flat providing there is access to communal ones.



Setting up an assured tenancy scheme

- Find partners
- Form/buy company
- Register company issue share capital
- Appoint directors and secretary
- Draw up articles of association and register office
- Draw up particulars for assured tenancies
- Apply for tax relief under BES; send memo and articles of association to Inland Revenue
- Find property
- Find tenants

Ideal tenants for BES schemes are students, US military personnel and hospital staff who are looking for short-term accommodation. You cannot evict an assured tenant (unless he has agreed to rent for a limited period) while he is paying a commercial market rate. The house must be the tenants' principal residence - make sure this is confirmed in writing before the agreement you must make is signed. A further word of warning: assured tenancies cannot be taken out until the Housing Bill becomes law. Tim Villiers expects this to be January 1 but warns that the date could slip further back.

John Spiers of BEST is cautious about the desirability of people doing their own scheme. "Letting can be a very messy business, and you've either got to manage the property yourself or pay a fee to an agent," he cautions.

The claim by Charles Fry, that there is not a lot of work once the scheme has been set up, seems a bit over-optimistic when you consider the hidden snags in letting and managing property. And, of course, house prices can fall as well as rise, especially if the market is glutted with a lot of expiring BES adventures.

Cazenove plunges in

John Edwards reports on a 'first' for an eminent broker

ONE OF the last of the City's privileged inner sanctums is about to lose some of its exclusiveness. This week Cazenove, one of the City's most eminent stockbrokers - numbering the Queen among its clients - announced it would offer a unit trust to the public.

It is rather an exclusive fund in that the minimum investment is £5,000 and the performance is likely to be conservative rather than spectacular. A minimum of at least 10 per cent of the portfolio is to be held in cash or fixed interest securities and the rest will be spread around world equity markets.

Nevertheless, the Cazenove Portfolio fund will be followed by other unit trusts and marks the group's entry into this sector of the retail market for the first time.

John Kemp-Welch, senior partner of Cazenove and chairman of its newly-formed unit trust subsidiary, acknowledges that it is an important step for the group because unit trusts provide an easily identifiable record of investment performance.

But the group, which has some £2bn funds under management for 6,000 private clients, feels that the advantages offered by unit trusts, in reducing dealing costs and enabling the payment of capital gains tax to be deferred, should be made available to its private clients.

Once that idea was accepted, it became logical to make fuller use of the unit trust system set up by offering it to a wider clientele who would not normally be rich enough to qualify as a Cazenove private client. But there was obviously some soul-searching among the partners. "I don't think our private clients will resent the Portfolio fund being offered to the general public," Kemp-Welch says, rather anxiously.

In fact, the private clients were given priority. The new fund has already been on offer to them for nearly a month and has attracted more than £5m.

Kemp-Welch admits that trading activity by private clients has fallen since the stock market crash last year. But the private client business, although the oldest part of the firm's activities, is now only one of five main planks: the others are corporate finance, institutional broking, international fund management and money broking. It also manages some 60 pension fund portfolios with assets of around £2bn.

The firm has retained its status as an independent partnership in an unusual way. It issues loan stock with a minimum rate of interest (8 per cent) but with a share of the profits, although the loan stockholders (mainly the big insurance companies) have no say in the management of the firm. That is left to the partners and the staff who are rewarded with bonuses, again based on profits. With unlimited liability, the partners have to be chosen very carefully, according to Kemp-Welch; otherwise the consequences could be disastrous.

Cazenove, which has 44 partners and 650 staff spread in offices throughout the world, has obviously been shaken by its involvement in the Guinness affair. One of its partners is facing charges and, whatever the outcome, there is little doubt that the firm's reputation has taken a knock. A recent survey by Greenwich Associates, a US-based research group, into how insti-

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at 25% 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)	
CLEARING BANK*						
Deposit account	4.00	4.10	3.28	monthly	1	0-7
High interest cheque	7.00	7.20	5.78	monthly	1	1,000-4,999
High interest cheque	7.40	7.70	6.18	monthly	1	5,000-9,999
Overnight cheque	7.80	8.10	6.46	monthly	1	10,000-49,999
High interest cheque	8.20	8.50	6.80	monthly	1	50,000
BUILDING SOCIETY†						
Ordinary share	5.80	5.88	4.48	half-yearly	1	1-250,000
High interest access	7.40	7.40	5.92	yearly	1	500
High interest access	7.85	7.85	6.12	yearly	1	2,000
High interest access	8.15	8.15	6.82	yearly	1	5,000
High interest access	8.40	8.40	6.72	yearly	1	10,000
90-day	8.40	8.58	6.88	half-yearly	1	200-9,999
90-day	8.65	8.84	7.07	half-yearly	1	10,000-24,999
90-day	8.15	8.36	7.49	half-yearly	1	25,000
NATIONAL SAVINGS‡						
Investment account	10.00	7.50	6.00	yearly	2	5-100,000
Income bonds	10.75	6.47	6.78	monthly	2	2,000-100,000
Deposit bond	10.75	8.08	6.45	yearly	2	100-100,000
34th issue§	7.50	7.50	7.50	not applic.	3	25-1,000
Yearly plan¶	7.50	7.50	7.50	not applic.	3	20-200/month
General extension	5.01	5.01	5.01	not applic.	3	-
MONEY MARKET ACCOUNT						
Schroder Wagg	8.44	8.77	7.01	monthly	1	2,500
Provincial Bank	8.35	8.20	7.38	monthly	1	1,000
UK GOVERNMENT STOCKS						
3pc Treasury 1989-89	8.42	8.13	7.38	half-yearly	4	0
3pc Treasury 1992	10.22	8.13	6.59	half-yearly	4	0
10.25pc Exchange 1995	8.42	7.38	6.98	half-yearly	4	0
3pc Treasury 1990	8.80	8.01	7.53	half-yearly	4	0
3pc Treasury 1992	8.24	7.40	6.91	half-yearly	4	0
Index-linked 2pc 1992-95	7.70	7.19	6.89	half-yearly	2/4	0

*Lloyds Bank (Hull) 90-day immediate access for balances over £5,000. †Special facility for extra £5,000. ‡Source: Phillips and Drew. §Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Some good news about investing in commodities



And some bad news.



With commodities it doesn't matter whether the markets are rising or falling, you can still make money if your strategy is right. That, however, is a very big if.

Many eager investors have had their fingers burnt by adverse price movements.

While this element of risk makes commodities appealing to those who find a game of Russian Roulette a relaxing way to pass the time, the rest of us might prefer to invest in something more certain.

For us, there is the Rudolf Wolff Investment Guaranteed Commodity Fund 1992 Limited ("the Fund").

As promoters, Rudolf Wolff have structured the Fund to give you all the excitement of investing in commodities whilst the Fund guarantees the return of your initial capital. To make this possible Rudolf Wolff has arranged that on the close of the offer the Fund will purchase from Citibank, N.A. a Promissory Note that will provide for Citibank, N.A. to pay the Fund the equivalent of 100% of the initial capital subscribed at the end of four years when the Fund will be dissolved.

In other words, your potential for profit is considerable. But you can still sleep at night.

Just how much you'll make depends on the professional skills of the Fund's investment advisers Adam, Harding & Lueck Ltd.

Fortunately, the principals of Adam, Harding & Lueck Ltd have a proven track record for producing consistently above-average profits. Over the years, they have developed unique computer systems which technically analyse the markets. They combine this with sophisticated money management techniques which are applied to a broad spread of futures investments.

This ensures returns that are consistent and stable, but not devoid of excitement. Since January 1984 funds under their management have shown an audited composite average performance of 50.2% per annum. (Source: Adam, Harding & Lueck Limited).

Of course past performance is not necessarily a guide to future performance.

If you have read this far, you probably want to know more about the Fund.

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However, the Fund, which is incorporated in Bermuda, is a closed-ended investment company, so applications for shares can only be accepted until 7 December 1988.

To receive a Prospectus, on the terms of which alone applications for shares will be considered, simply complete the coupon and post it to us, Rudolf Wolff & Co Ltd., Freepost, London EC3 3LQ.

Or if you're in a hurry, telephone us on 01-626 8765 or on our 24 hour night service 01-283 3656.

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This advertisement is issued by Rudolf Wolff & Co. Limited which is regulated by the AFCD. The rules of the AFCD require that investors' attention be drawn to the following matters:- the value of the shares may fluctuate in money terms - there will be no recognised market for the shares in the Fund and it may be difficult for an investor to sell his shares prior to the Fund being dissolved or to obtain reliable information about their value or the risks to which they are exposed. However, as a shareholder you will receive quarterly reports issued by the Fund. - because shares in the Fund will not be traded regularly or frequently it cannot be certain that a price for the shares will be quoted at all times and any transaction in the shares may not be effected at a quoted price - the Fund is not an authorised person under the Financial Services Act 1986 and is therefore not subject to the rules and regulations made under that Act or by any SRO for the protection of investors.

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FINANCE & THE FAMILY

London? How old-fashioned!

James Buxton meets Allied Provincial's Bernard Solomons, who is happy to be out of the capital



Provincial brokers

and eight leading provincial firms were merged in Allied Provincial. They are Parsons Penney in Glasgow (Parsons merged with another firm, Penney Easton, earlier this year); Ilmgworth Henriques in Manchester; Stancilife in Leeds; Murray in Birmingham; Laws in Bristol; Westlake in Plymouth; and William Chapman, Thorne in Nottingham.

The spread is, however, wider than the list suggests: these companies had offices in several other towns or have expanded there, so Allied Provincial now has 26 offices covering much of Britain as well as the Isle of Man and Jersey.

While James Capel and Post each has 24 per cent stakes, the remaining 52 per cent of the equity is divided between about 85 directors, not all of whom come from the original founding companies.

Yet, although Allied Provincial Securities is a single company rather than a federation of firms, it still can be elusive. Despite there being a large sign saying Allied Provincial outside its headquarters in Glasgow, the telephone inside says "Parsons Penney" when she answers the phone. Most of Allied Provincial's offices operate under their long-established names, but the company trades as Allied Provincial in London and Peterborough and Allied Provincial is a member of the Stock Exchange.

registered in nominee names and dividends collected. Instead of charging a fixed fee, there is a higher commission rate for this service. "It's a good system, partly because the commission is allowable against capital gains tax, unlike fees," says Solomons.

Allied Provincial says it is picking up private client business from people in the south-east disillusioned with large London brokers and their high charges. "There must be people wondering what they've done to deserve the treatment they've been getting in London," Solomons declares.

Some deal direct with Allied Provincial's London office, while James Capel might refer prospective customers below a certain size to the relevant offshoot of Allied Provincial. But Solomons says that, after Black Monday, it could take years to attract back into the market the very small investor who was lured in by privatisation issues.

Allied Provincial also has a substantial corporate services side. It is broker to about 60 companies and has led, or taken part in, operations for regionally-based companies such as F.J.C. Lilley, the Glasgow construction company, and Macmillan-Glenlivet, the whisky distiller.

Now, Allied Provincial is seeking to expand into more geographical areas to increase its coverage of Britain, which is biased away from the south-east. "We're talking to a number of people at the present time," says Solomons, but he is not prepared to elaborate.

A GOLDEN INVESTMENT

Few investments have such universal appeal as gold, and for a very good reason. It has produced spectacular gains over the years, not least in the last great period of rampant inflation in the 1970's.

Inflation is once again rising all over the world, and the more it rises the more people will look towards gold and gold related investments as their hedge.



If you want to be ahead of the crowd in the next rush for golden inflation hedges, the November issue of Money Observer is essential reading. It includes an in-depth examination of the best gold and gold related investments on the market.

This 108-page issue also tells you which pension funds have been the best performers over the last decade, reveals how you can get an income for life and has a nationwide survey on house prices.

There are also revealing profiles of leading companies and go ahead entrepreneurs, choice share tips and comprehensive performance data on unit trusts, property bonds and shares.

This issue also marks a milestone for Money Observer in that it is its 100th issue, and no other monthly investment magazine has attained such success in the UK.

The November issue of Money is out now at all leading newsagents price £1.95.

But an even greater bargain is an annual subscription on direct debit. This costs only £20 (£30 airspeeded overseas) including p+p and will ensure prompt receipt of Money Observer every month for a year at your home or office. It represents a substantial saving on the normal annual subscription price of £24.50 (£34.50 Overseas).

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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

"IT USED TO be fashionable to say: 'I've been talking to my London broker,'" says Bernard Solomons. "I don't think it's too far-fetched to believe that, one day, the fashionable thing will be to say: 'I've been talking to my provincial broker.'"

In fact, Solomons would probably like to see a capital P in the word provincial, since he is chairman and chief executive of Allied Provincial Securities, one of Britain's biggest brokers outside London. It is a single company that incorporates provincial stock-broking firms stretching from Aberdeen to Plymouth. Although some people think the "provincial" in the company's name is a disadvantage, Solomons seems proud of it.

Allied Provincial is one of the more imaginative creatures to emerge from the restructuring of the British securities industry which occurred with the Big Bang in 1986, and as more and more London brokers turn their back on private clients, it is well placed to grow.

Solomons, a highly energetic Glaswegian, says he conceived the idea of forming an amalgam of provincial brokers some years before the Big Bang when he became managing partner of Parsons and Co., the leading Glasgow broker.

Then, in the run-up to the Big Bang, London broker James Capel took a stake in Parsons along with Postel, the pension fund of British Telecom and the Post Office. Capel encouraged Solomons to get other provincial brokers to join

holders actually wield, and it suits the management groups to have a local membership. However, this attitude is particularly important at present because many unit trust groups are thinking about increasing charges to cover greater costs resulting from revised rules introduced under the Financial Services Act.

Some groups want to raise charges immediately, while others are seeking to increase the ceiling, or top limit, of the charges that can be made without having to seek prior approval from unit-holders. In both cases, they are usually asked to approve a change in the trust deeds.

Any meeting of unit-holders requires a quorum equal to at least one-tenth of all units in issue, but excluding those held by life insurance funds since these normally are controlled by the parent company which is seeking the increase. The quorum can be made up by investors actually attending and those using a proxy vote through the post. The majority required to pass the resolution is 75 per cent of the quorum.

This means that when half the units in a trust are held by a life fund, an increase in charges could be passed by votes actually attending and those using a proxy vote.

But what happens if unit-holders refuse to accept an increase? Managers find this an uncomfortable subject. Michael Short of Hill Samuel was faced with a close vote on a proposed increase in charges for the group's Capital Trust, and had to speculate on the possible consequences of losing the vote: "We would not be in a position to give the service offered before. What we are attempting to do with the increase in charges is to maintain margins. We would probably carry one trust - but two or three."

The argument is that managers would either have to give a poorer service on the trust concerned, or to live with the lower charges by reducing the level of service on other funds with higher charges. Unit-holders in other trusts would be subsidising indirectly the deficit in the trust where an increase in charges had been blocked.

Given that there is no satisfactory alternative to allowing an increase in charges, the unit-holders' power to vote appears somewhat farcical. The only consolation is the delaying clause which holds off the increase to allow dissenters to sell their units.

Increases in charges are now widespread. Hill Samuel has now gone to 6 per cent initial and 1.5 per cent annual on most trusts. The TSB has increased its charges to 6 per cent initial and 1.25 or 1.5 per cent annually.

Mercury has just raised its annual charge from 1 per cent to 1.5 per cent, although the initial charge stays at 5 per cent for the time being. Mercury did not need to hold unit-holder meetings to make this change, having built a ceiling on charges into trust deeds. This is a common practice, and many of the younger trusts already have this facility.

Other groups - such as Save & Prosper and Framlington - are holding meetings to introduce a ceiling, while keeping charges at present levels. S & P's ceilings are 5.5 per cent initial and 1.25 or 1.5 per cent annual. Framlington's are 6 and 3 per cent.

Allied Dunbar is going even

IN A HOTEL in Croydon, south London, a handful of unit trust executives wait in an empty ballroom for the start of a meeting. With only two unit-holders in attendance, the formal proceedings begin.

That is the normal scenario for most meetings of unit-holders, even though the issue under discussion is an increase in fund charges directly affecting investors' pockets. When Hill Samuel held a round of unit-holder meetings recently fewer than 15 of their 50,000 unit-holders turned up.

This apathetic attitude is understandable, since there is considerable uncertainty about just how much power unit-

What are the extent of a unit-holder's rights? The main issues on which you may be asked to vote are mergers and increases in charges - but there is no machinery for dealing with a "no" vote.

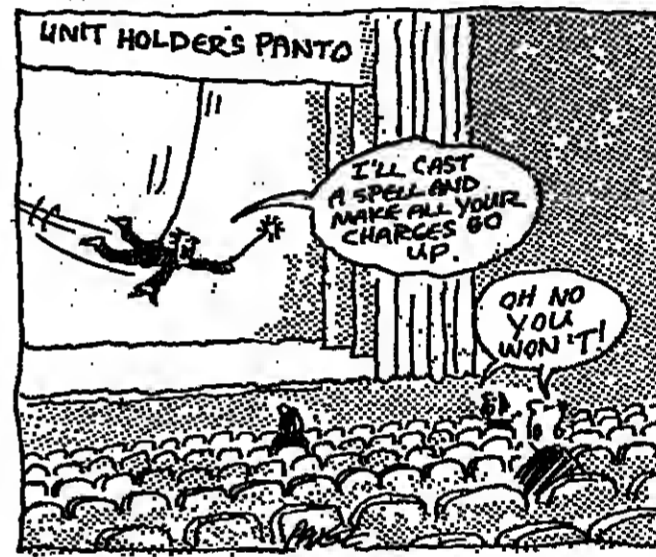
In theory a unit trust is a collectivised form of private client management. However, in practice the unit-holders put the trustees in loco parentis to look after their interests.

It is up to the trustees to take an issue to the unit-holders if they regard it as necessary, but it is a power which trustees rarely make use of. For a unit-holder lobby to call an extraordinary meeting would

require a very large quorum and it is virtually unknown in recent times.

Abbey Life and London Life policyholders have demonstrated recently that they are not happy to be overridden by the investment managers. But unit-holders need to stir themselves if they are to counter the impression that they do not care very much about the increase in charges proposed by a large number of unit trust management groups. Otherwise, a 6 per cent initial charge and a 1.5 per cent annual management fee will become the norm.

Christine Stopp



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BUSINESS TRAVEL

The Financial Times proposes to publish this survey on: 25th November 1988
For a full editorial synopsis and advertisement details, please contact:
Tim Kington on 01-248 8000 ext or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

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LEGAL NOTICES

No. 005414 of 1988
In The High Court of Justice Chancery Division
IN THE MATTER OF SCANTRONIC HOLDINGS PLC AND IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE
NOTICE IS HEREBY GIVEN that a Petition was on the 20th day of July 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company from £7,507,282 by the sum of £425 million.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday 14th day of November 1988.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requiring the same by any-mentioned Solicitors on payment of the regulated charge for the same.
DATED this 28th day of November 1988
Herbert Smith, Watling House, 35 Cannon Street, London EC4M 6SD
Solicitors for the above-named Company.

No. 00527 of 1988
In The High Court of Justice Chancery Division
IN THE MATTER OF PORTER CHANDLER PUBLIC LIMITED COMPANY
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE
NOTICE IS HEREBY GIVEN that a Petition was on the 20th day of July 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £2,725,000 to £2,178,000 by the cancellation of the £547,000 loan account paid 4 1/2 per cent, cumulative preference shares of £1 each in the capital of the Company and by returning the capital paid up thereon.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 14th day of November 1988.
ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any-mentioned Solicitors on payment of the regulated charge for the same.
DATED this 28th day of November 1988
Herbert Smith, Watling House, 35 Cannon Street, London EC4M 6SD
Solicitors for the above-named Company.

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In accordance with the terms and conditions of the notes, notice is hereby given that the rate of interest for the period running from November 7, 1988 to May 6, 1989 will be 11.25%, interest payable on May 6, 1989 will be LIT 260,884 per coupon for LIT 8,000,000 denomination notes and LIT 2,608,844 per coupon for LIT 80,000,000 denomination notes.
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FINANCE & THE FAMILY

Donald Elkin on the complexities of taxation for married women
Avoiding a fiscal divorce

EXPATRIATES

THE ALREADY-complex UK tax treatment applied to married women who live overseas either permanently or by reason of their own or their husband's employment looks set to become even more complicated.

Truly independent taxation for married women has long been demanded. However, in reality the married woman has always been treated for tax purposes as if she were a single person, although this tends to be obscured by the fact that joint returns often need to be made by the husband and tax on the income charged in his name.

For example, a wife's tax residence is decided largely by her own movements, which determine what income and gains are chargeable to tax. Indeed, this separate determination can have the result that a wife can be deemed to be a UK resident when the husband is not (or vice-versa).

That would occur if the wife's visits to the UK - but not the husband's - (a) exceed six months in a tax year; or (b) exceed three months a year on average; or (c) take place (however short the visit might be) while accommodation is retained for their joint use in Britain, so long as the visitor is not engaged in full-time employment or business overseas.

Such a situation can trigger a sort of fiscal divorce, with both husband and wife then being liable to income tax and capital gains tax on their own resources, having regard to their individual status.

As a UK tax resident, the wife, although living overseas, can become entitled to the single person's allowance of £2,805 plus, if there are any dependant children, the additional relief of £1,490 appropriate to single-parent families. On the debit side, the wife becomes taxable on capital gains (subject to the £5,000 a year exemption) and potentially on overseas income, too.

Nevertheless, this is a situation that couples can turn to the family's advantage by arranging for taxable UK income (eg, letting profits) to belong to the wife, whose allowances can then be used to reduce the tax

being disposed of and acquired at market value, will not survive the advent of the separate taxation rules from April 1990. Thus, a useful means of eliminating capital gains on assets such as property, prior to resuming residence in Britain, will be lost.

In contrast to the income tax and CGT situation, spouses have always been separately assessed for inheritance tax, although it was not possible until April 1974 for a married woman to have a domicile different from her husband's. The proposed change from April 1990 is of far-reaching importance, bearing in mind that domicile determines the extent of liability to inheritance tax. A UK domiciliary is chargeable on world-wide assets, while others pay tax only on their British resources.

Gifts from one partner to another, whether in lifetime or on death, are totally exempt, except in cases where the gift is from a UK-domiciled spouse to one domiciled elsewhere, when the exemption is limited to £55,000.

Consequently, for example, if a British woman marries a Frenchman and, while living in his country, maintains her UK domicile (eg, by expressing her determination to return to England should he die before her), the limitation of exemption will apply only in relation to any UK assets the wife may give or bequeath to her husband.

However, the non-English domiciled wife of an English domiciliary faces a much more serious situation. The limited exemption has to be set against tax on his total bequest to her, wherever his assets might be situated.

Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.



ability. Normally, a husband, as a non-resident, has no such entitlement and is liable to pay tax on this income in full.

This treatment accorded to geographically separated spouses anticipates by many years the comprehensive rules for separate taxation that are due to come into effect on April 1, 1990. From then, husbands and wives will always be taxable on their respective incomes and (when UK resident) gains.

Furthermore, both will be entitled to personal allowances - whether or not they are UK

resident. Separate taxation will not, however, end the normal rule under which assets transferred from one spouse to the other are deemed to change hands for capital gains tax purposes, basically at the donor's acquisition cost. While non-residents are not normally liable to CGT, acquisition costs so determined will be relevant if they do become UK residents later.

On the other hand, the present exceptional treatment, under which assets passing between geographically separated spouses are treated as

Neighbour won't let hedge be cut

We have lived in a residential area for 23 years in a detached house. The boundaries to the north and east of the back garden are defined by hedges, which are my property and responsibility. The eastern hedge is private, varying in height from 6-10ft.

During the whole time we have lived here, I have cut the top and our side of the hedge. The other side was kept in good condition by the owner of a bungalow which is situated to the eastern side of the boundary hedge. This amicable and satisfactory state of affairs continued until the bungalow changed hands 18 months ago.

The incoming parties were an elderly couple. Clearly, the husband was ill, and has since died. The first time I met them I offered to maintain their side of the hedge. The woman expressed gratitude

and agreed.

Some time later, problems arose concerning noisy animals. Such was the nuisance that a number of neighbours, of whom I was one, protested officially. A court order was served which resulted in the offending animals being removed.

Naturally, she was not pleased, and this presumably is the reason for her preventing me from maintaining the hedge on her side. Nor will she get it done by others. I am quite sure that she could afford to employ someone if she wished.

As the hedge is a most satisfactory boundary which she and we value, I am loath to allow it to deteriorate.

Could you please advise me what rights I have in this matter and whether, if she continues her present attitude, there is any way I can compel her to

either maintain the hedge or allow me to do it.

You have no right in law to force your neighbour to maintain her side of the hedge, nor are you entitled to trespass on her land to do so. If however, you were to trespass in that way and were very careful to do no damage and to clear up all trimmings, there would be no claim for damages available to her. You might, however, have to undertake not to renew the trespass if called upon to do this.

TV or not TV?

During the week I live in a small leasehold flat, which has a communal central TV aerial. At weekends I live at my main residence, where I have fully-licensed TV sets and a VCR.

I am now contemplating buying a TV set and VCR and installing them at my flat, without an aerial connection, to 'play' pre-recorded tapes only. I do not intend to receive television transmissions. Do I

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

need to buy a TV receiving licence to cover playing either commercially bought or hired video tapes only, or tapes pre-recorded on my licensed equipment at my home or on friends' equipment?

You do not need a licence for either category - but you might have difficulty in proving that your use of the TV set is in fact really limited to use with a VCR.

Guideline for CGT

I have read with interest correspondence relating to the new rules on capital gains tax which, from 1990/91, will assess wives separately from husbands. The problem on which I seek your advice is to what extent genuine gifts need supporting evidence in order to be accepted by the Inland Revenue.

As you will appreciate, gifts of jewellery and similar items are not normally backed by written evidence although the items may be insured in the wife's name, which could be helpful. But what of gifts of, say, paintings or other items of household use? Is there any broad guideline that can be followed without having to use legal services, which can be expensive and are not retrospective?

If you wish to have a formal record of gifts of chattels, you can make a statutory declaration specifying the items and dates of gift.

Too many solicitors

I employed a firm of solicitors in pursuit of the financial settlement following a divorce. I was very dissatisfied with the treatment I received. Over a period of two years, my case was dealt with by several different members of the firm - one was very junior and seemed quite at sea with this sort of case. There was strong evidence of negligence and overcharging. I moved my case to another firm of solicitors and have received efficient and concerned service.

Could you advise me how I might pursue a claim for negligence and overcharging against the original firm without involving myself in large costs?

With regard to negligence, you can ask your new solicitors to act for you. For your other complaints you should, in the first instance, refer the matter to the Solicitors' Complaints Bureau, Portland House, Stag Place, London SW1R 5BL.

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However, we believe you owe it to yourself to find out more about Grofund, and how we're living up to our name.

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A member of the Unit Trust Association, IMRO and LAUTRO
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*SOURCE: MICROPLANS SECTOR PERFORMANCE ANALYSIS BANKING SYSTEM FOR 12 MONTHS TO 31ST OCTOBER, 1988.

WEEKEND FT REPORT/BUSINESS BOOKS

A complete guide to what the new City is all about

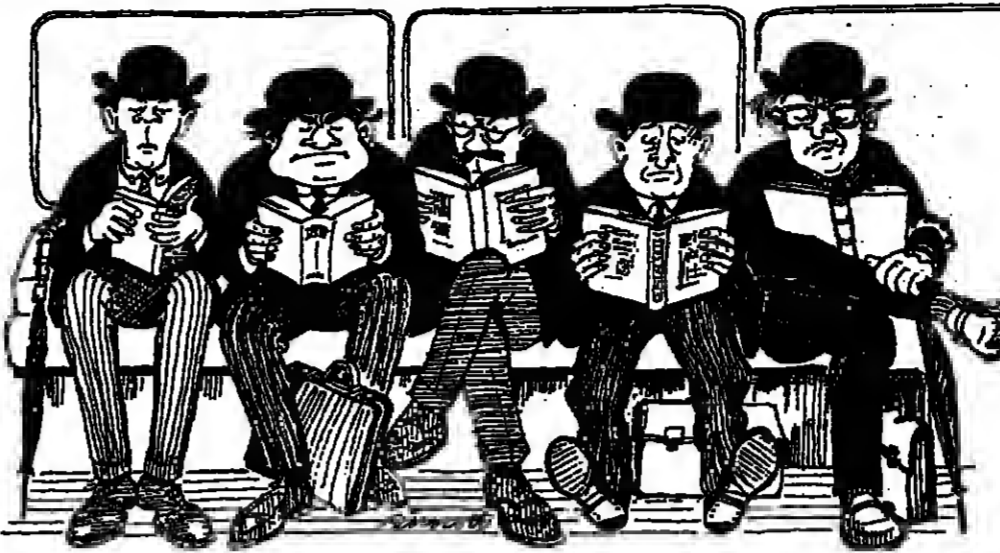
Richard Lambert reports on what could prove a standard work about finance and financiers

ALL CHANGE IN THE CITY: THE REVOLUTION IN BRITAIN'S FINANCIAL SECTOR by Margaret Reid

MARGARET REID wrote the standard book on the secondary banking crisis of the early 1970s. Her latest work, covering the upheaval in the City of London in the 1980s, could well achieve a similar status.

to take the affairs of the Stock Exchange out of the Restrictive Practices Court, and in the subsequent wave of mergers in the securities business. Over a crucial two-month period in the autumn of 1983, David Walker - then an executive director of the Bank - held conversations with over 40 senior partners of Stock Exchange firms, urging them to take radical steps to bring together pools of capital and of talent.

Prices seemed absurd even at the time, and so did some of the business structures that were created. The book quotes the sage comment of Sir David Scholey, the chairman of Warburgs: "A hull market is a great shock absorber of the penalties of experimentation."



servatives who finally gave practical effect to the nationalisation of the Bank undertaken by the Labour Government in 1946. You have to read some way between the lines to decide if Reid thinks the Bank is now the Government's poodle, and what she thinks of the present Governor. She describes his qualities at some length but adds, ambiguously, that "a Governor needs to be a strategist - perhaps a mean and crafty strategist - adept at far-sighted planning and with a politician's skills if he is to gain the maximum clout for the body he heads."

Well, yes; but that does not sound exactly like Robin Leigh-Pemberton. This is one of the shortcomings of the book: it is excessively polite about the people and institutions with which it deals. No-one is going to reach for his libel lawyer after reading the final chapters which, considering some of the goings-on in the past few years, is probably a pity.

The other weakness is that the book is not as good on analysis as it is on narrative. There is not much discussion here about whether the customers are going to benefit from all the changes that are described. Nor is the London capital market placed in the international context to any great extent. All the same, this is a book to keep handy on the shelf. When you need to be reminded about what actually happened in the Johnson Matthey affair, or how the Hong Kong Bank was bounced by the Governor's eyebrows, this will be the one to turn to.

No substitute for practice

Mark Knight on beating nerves

HOW TO GIVE A SUCCESSFUL PRESENTATION by Ian Richards

GIVING A presentation to a group of people, whether small or large, makes many people weak at the knees at the prospect. But how do you overcome this reluctance to stand up and talk? The simple answer is preparation. By knowing your subject and adopting a systematic approach, most of this nervous regulation can be overcome and you could even begin to enjoy it all.

hints on subject matter, content, structure, how to handle questions, and how to interest and involve the audience. Visual aids are a very important part of any modern presentation. The author quotes the saying "I hear and I forget, I see and I remember, I do and I understand," which correctly establishes the emphasis that should be given to visual aids and audience participation. Some presenters are happy with a faint pen and a whiteboard; others with chalk and a blackboard. Richards obviously prefers overhead projectors and he goes into some detail to explain how they can be used; 35mm slides are dismissed rather quickly, which is a pity bearing in mind their great flexibility, low cost and greater use in recent years.

BUSINESS BOOKS

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THE INVISIBLE HAND IN ECONOMICS AND POLITICS

Credit Insurance by R.H. Briggs and N. Edwards

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SUCCESSFUL SPONSORSHIP (2nd Edition)

PLANNING FOR DISASTER RECOVERY

ELECTRONIC BANKING AND THE LAW

Wisdom after the crash

John Edwards on the pundits and the doom-watching

THE CRASH AND THE COMING CRISIS - 200 YEARS OF BOOMS AND BUSTS: WHICH WAY NEXT? by Guy Gallaty

SOME PEOPLE did well out of the October 1987 crash in the world stock markets. Professional pundits, academics and doom-watchers in general have had a field day in trying to explain the real reasons for the crash and what it means for the future.

Guy Gallaty, who teaches economics at Eton, is a clear and lucid writer although somewhat populist in style for an economist. But he seems somewhat uncertain about what really did cause the sudden crash in the stock market and what are the likely consequences.

There is a lengthy explanation of the role of the stock markets in the economic system and what are the likely consequences. This provides an interesting background but reaches no definite conclusion except that "bad" speculation is harmful while "good" speculation is

not. A section on "strategies for personal financial survival" is even more woolly. Full of its own hubris, it is made up primarily of clichés and devoid of original ideas. There is more than a hint of vested interest in the concluding statement that "the most cost-effective investment for future generations (in the event of a long-term depression) is education."

The book also contains a case study of the 1929 crash and why it happened; the dangers of trading on margin; and an analysis of the various different "wave" theories that are supposed to track the trade cycles affecting business and the stock markets. Here again, the conclusion is that "the dramatic events of October 1987 demonstrate the futility of many of the trade cycle theories."

More telling is a chapter reproducing "Some reassuring utterances from 1929," since they have a dreadfully familiar similarity to many present-day statements.

Advertisement for 'parks' by Michael Bowe, Square Mile Books 1988 £38.00. Includes details about international money markets and Furobonds.

HARWOOD BOOKS FOR BUSINESS

Tax Treaty Networks: 1988 - 1989 Edition by John S. Phillips, Partner, Price Waterhouse, London

Technological Change and Productivity Growth by Albert N. Link

Market Structure and Technological Change by William L. Baldwin and John T. Scott

The Role of Demand and Supply in the Generation and Diffusion of Technical Change by Colin G. Thistle and Vernon W. Rattan

The Comparative Economics of Research Development and Innovation in East and West: A Survey by Philip Hanson and Kevin Pavitt

MANAGEMENT CONSULTANTS 2nd Edition

INVESTMENT TRUSTS 1st Edition

WATER COMPANIES AND AUTHORITIES 1st Edition

Advertisement for Prentice Hall 'parks' book, published Jan '89, dealing in traded options. Includes details about Furobonds and international money markets.

Advertisement for 'The Barbican Business Book Centre' located at 9 Moorfields, London EC2Y 9AE. Lists various business books available for purchase.

WEEKEND FT REPORT/BUSINESS BOOKS

Sorry, he's in a meeting...

Philip Coggan explores the white-collared man's burden

THE STRATEGY OF MEETINGS by George David Kieffer

MEETINGS ARE the white-collared man's burden. As Harold Wilson said of royal commissions, they take minutes and waste years.

Your staff? Quite so. Disoriented staff are a terrible problem. They are unlikely to reach meetings in the first place.



Harold Wilson: not a man for meetings

Kieffer's little meeting diagrams can tell you a lot about your role in the organisation. If you are seated in the chair next to the chair, you are probably perceived as a troublemaker.

When Mr Right is a cheat

Michael Skapinker examines the contentious issue of business ethics

YOU ARE divisional sales manager in a high-tech company. Your sales have been down for the past six months and the boss is on your back.

THE POWER OF ETHICAL MANAGEMENT by Kenneth Blanchard and Norman Vincent Peale

you need to know about your competitor, its customers and its cost data on a major defence project for which both companies are bidding.

Don't Have to Cheat to Win. The blurb tells us that its two authors, Kenneth Blanchard and Norman Vincent Peale, have been holding symposia together on the subject of business ethics and have been playing to sell-out crowds.

I suspect that the institute's members would make quick work of Peale and Blanchard's opening dilemma. You do not have to be a paragon of virtue to see that this salesman is a non-starter on purely pragmatic grounds.

All the stuff of real drama

David Lascelles looks at the world of investment banking

DOING DEALS: INVESTMENT BANKS AT WORK by Robert Eccles and Dwight Crane

WHEN ACADEMICS tackle a good story, they often smother it in prose. This book is, fortunately, an exception.

sen: how banks manage their relationships with their clients, how they determine their fees, how they develop "products" in a business where almost every deal is unique.

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Based on extensive experience and analysis of owners' and managers' needs, these manuals show how to organise and carry out training designed to improve productivity and working conditions in small and medium-sized enterprises by means of low-cost simple measures.

Management consulting: A guide to the profession

Edited by Milton Katz, 2nd revised edition. Practitioners, trainers, teachers and students will all welcome the updating of this work for which, like its predecessor, there will doubtless be a demand...

Interactive contractor training

Arrangements of training modules for upgrading management skills of construction managers and owners of small and medium-scale construction firms.

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TECHNOLOGICAL CHANGE AT WORK. by Ian MacLennan and Alan Clark

THE WORLD'S PORTS OF THE WORLD 1989. Contains details of the world's ports container, down by region and within the region...

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Ready-made Interview Questions. Malcolm Peel

WESTERN EUROPE 1989 - A Political & Economic Survey

The Co-operative Bank Guide to Running Your Small Business

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The lighter side

BUSINESS BOOKS have their lighter side. So, I will just recommend a couple that may take your mind off weighing in and demonstrate that reading into your job need not be all downhill.

Peter Pugh's The City Slicker's Handbook (Michael Joseph, £7.95) is funny and informative, giving lots of valuable information about the post-Bang City, although it isn't quite so fascinating as the blurb suggests.

"Have you ever wondered what somebody must be doing to make £2,500,000 a year? Where to buy designer sandwiches? How insider dealers get away with it?" All this and much more. With chapter titles such as The Market Makers,

Bulls and Bears, Hire and Fire and A Day in the Fast Lane, you can imagine how it all goes.

I would be willing to invest the £7.95 for a dozen or so lines on page 39 reporting a conversation between two money brokers. It gives a whole new insight into the English language and should be included in every dictionary of the vernacular.

I can also draw your attention to the paperback edition of Moira Johnston's Takeover: The New Wall Street Warriors (Santam Books, £5.95). It is all very enjoyable and gives the reader a ravishing alternative to television soap operas.

Alan Forrest

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WEEKEND FT REPORT/BUSINESS BOOKS

The great big wide world of chemicals

Peter Marsh discovers all he ever really needed to know

PETROCHEMICALS: THE RISE OF AN INDUSTRY by Peter Spitz

John Wiley \$29.95, 588 pages

THE WORLD'S chemical industry, with an annual turnover of close to \$1,000bn, ranks among the biggest and most pervasive businesses on the planet.

Spitz, who has spent a lifetime in the chemicals industry and is now chairman of Chem Systems, a New York management consultancy, also writes in great depth about the business aspects of chemicals.

He says the business had also become too willing to licence technology to other companies which wanted to enter the sector.

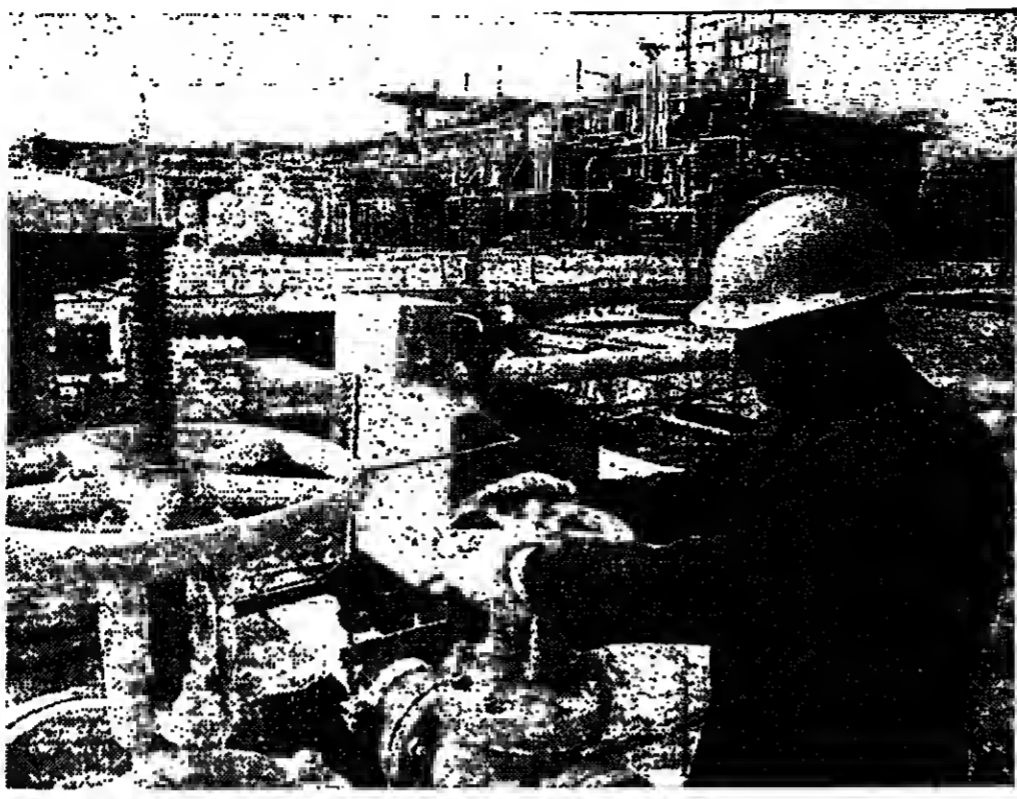
There are especially interesting insights into the path by which the coal-based chemistry of the last century — an area where Europe dominated —

lost ground rapidly after the Second World War to be replaced by new processes in which oil and gas were by far the most important feedstocks.

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Part of the world of chemicals... the Shell complex in Manchester

brought in competitors which ultimately would contribute to the over-supply in the sector early in the 1980s.

With its comprehensiveness and detail this is very much a book by a chemical industry insider. For that reason, some may find the sheer volume of

Try a punchbag to ease stress

Michael Skapinker on coping with a hard day in the office

MANAGING STRESS by Jane Cranwell-Ward

Gower £17.50, 176 pages

ONE OF the most relaxing ways to spend a morning in the City of London these days is to attend a seminar on how to cope with executive stress.

You might not learn very much, but you will at least have had a few hours away from the constant and ever-increasing demands of superiors, subordinates, customers and telephones.

Books on stress perform a similar function, particularly as they usually require you to answer pages of questions about yourself.

What better way to unwind after a hard day at the office than by deciding, on a scale of one to three, whether you avoid drinking at lunchtimes, exercise to the point of perspiration at least three times a week, give and achieve affection, and achieve sexual satisfaction regularly?

Monoging Stress by Jane Cranwell-Ward has a full complement of questionnaires, including one which helps you assess the stressful impact of

"life events." These include divorce (73 points), a jail term (63 points) and trouble with the boss (23 points).

As with other similar questionnaires, however, many stressful "life events" are simply never broached. How many points do you score, for example, if your company is being stalked by a nasty predator, or you cannot find a taxi outside King's Cross railway station at 2 am, or your front door is defaced by two graffiti artists called Beam and Splash?

The problem with many of these books is that while they spend pages detailing the causes of stress, they cannot really tell us what to do about them. It is all very well explaining that working to tight deadlines causes stress, for many people that is simply the nature of their job.

Fortunately, Cranwell-Ward does seem to recognise this problem. "Learn what you can control and what is beyond your control," she says.

She suggests 10 "strategies to remedy imbalance." These include spending a short time each morning listing your priorities for the day, to taking up meditation, to buying a punchbag on which to vent your anger in the privacy of your own home.

Edge of the abyss?

No, says Barry Riley: the worst is not yet to come

BOOM AND BUST by Christopher Wood

Shakespeare £15.00, 188 pages

HISTORY DOESN'T actually repeat itself. Nevertheless, the patterns of the past have a powerful appeal to those seeking to attain a dim understanding of today's economic and financial processes.

There was much excitement late last year and early in 1988 when the post-crash chart of the Dow Jones Average displayed an uncanny similarity to the behaviour of Wall Street in 1929 and 1930. In June this year, US equities were due to take a further dive on this precedent. Usually they went up instead. End of parallel?

Well, we are not out of the wood yet. Looking around the world, there is plenty of justification for doom and gloom. The US is affected by a serious trade imbalance and a potentially dangerous internal credit crisis. The Third World debt problems will explode sooner or later. And Japan has created its own bubbles in the stock and property markets.

Yet, there is much that is positive too. Technology is advancing at an unprecedented pace, transforming man's ability to manufacture goods and

grow crops. The Eastern bloc is emerging from years of slumber, and economic liberalisation in the Soviet Union and China will create such opportunities as to make it hard to imagine that the world could face years of slump.

However, books that hedge their bets don't sell. There is an acceptance and successful genre of disaster books and Christopher Wood, financial correspondent of The Economist based in New York, has produced a competent, if less than fully convincing, examination.

The only real good news according to Wood, is that "a depression creates fantastic opportunities as surely as it creates devastating losses." He argues that, should values in the US, and elsewhere Western countries, have followed the same pattern as they did in the 1930s, with agricultural land prices dipping first, then residential property prices showing weakness several years later and, finally, share prices crashing spectacularly. Next, he says, must come a slump.

Wood complies his apocalyptic pages largely against the background of the US securities industry. It is certainly true that recent experience there is enough to make anybody worried about the future. But does the securities industry matter all that much?

Twelve months after the crash there is prima facie evidence that the world economy has brushed aside the stock market's vicissitudes. Parallels with 1929 need to be drawn carefully because the US economy is crumbling even before that year's crash.

However, Christopher Wood's basic argument appears to be that debt has expanded to an intolerable degree — in US dollar terms, to 32.5 times the value of billion and paper currency. But in previous long cycle contractions the ratio has collapsed to 10:1, even temporarily to 6:1. We therefore face a huge slump-induced debt liquidation and, in a few years, when political resistance has been overcome, a revaluation of gold. The trouble is that the argument is not developed, is what happened 50 or 100 years ago directly relevant? People in the developed world are wealthier, and therefore better able to service debt. Financial institutions have become more sophisticated, too. Financial fundamentalists like Wood say that none of this matters. But Wall Street stayed firm in June. A year after the crash, his book seems to have become hysteric. But it will be another year or two before it can be tossed on to the scrapheap of previous doomsday literature.

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Safety in the use of asbestos. 2nd Impression. General guidance on monitoring air, preventing asbestos, protecting and supervising workers' health, asbestos, asbestos and disposal of waste. Detailed guidance on asbestos exposure in mining and milling. Asbestos control, health, asbestos and asbestos. 288 pp. International Labour Office, Geneva, Switzerland. London SW7P 2HS. Tel: 01-428 6421.

Chemical Manufacturers JUST PUBLISHED CHEMICAL MANUFACTURERS FINANCIAL COMPARISON REPORT Latest 3 years accounts on over 500 key companies in the industry. 6 Business Ratios per company. Detailed marketing information. Member performance, identity trends. 290 pp. November 1988. £25.00. 01-488 8000. Fax: 01-488 8001.

Key Note Guide to Official Statistics This concise and authoritative guide to the Government statistical information. Answers your questions on the reliability, availability and comparability of Government statistics. For quick, but research don't be total quality. 96 pp. November 1988. £12.00. 01-488 8000. Fax: 01-488 8001.

Productivity and Quality Improvement by Johnson Edmondson A practical guide to improving productivity and quality from best practice. Includes measurement and benchmarking techniques, to examples of how to implement and maintain productivity and quality projects. 290 pp. November 1988. £25.00. 01-488 8000. Fax: 01-488 8001.

Profitability Measurement for Financial Institutions A Management Information Approach. Extracts and analysis guide (global) alternative ways to create and implement profitability approach based on your business model. Includes probability distribution, transfer pricing, transfer pricing, transfer pricing, transfer pricing. 290 pp. November 1988. £25.00. 01-488 8000. Fax: 01-488 8001.

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BOOKS

The good old boys of treachery

Zara Steiner considers the new light shed on two of Britain's most notorious spies



Kim Philby enjoying a vacation in a Black Sea resort.

TWO NEW biographies of Donald Maclean and Kim Philby will again bring the "Cambridge Comintern" (Maclean, Philby, Guy Burgess and Anthony Blunt) right back into the limelight, if indeed they were ever out of it. Is there enough news to say that is worth the attention? Robert Cecil has the advantage of personal knowledge, both of Maclean and the workings of the Foreign Office of which he was a member. He knew Maclean from 1932 and was his colleague in pre-war Paris and then in Washington DC and London, where they both served in the American Department before Maclean's flight. Cecil is also a first-rate historian, able to distinguish between what is known and what is conjectured and careful to alert the reader to the distinction. It is this unique combination which makes this book worth reading. The portrait of Maclean is convincing and the assessment of the damage done to Anglo-American interests, particularly during Maclean's time in Washington, is knowledgeable and shrewd. Already marked out as an outstanding diplomat, Maclean was one of the few men privy to information on the atomic bomb projects and had the entrée into the offices of the Atomic Energy Commission. Guided by his Soviet control in New York (these frequent trips giving the clue for his eventual unmasking) he could provide information of the greatest value to Stalin during the years 1944 to 1948. Nor was Maclean without importance when, despite a nervous breakdown in Cairo and wild drinking in London, he was made head of the American Department in the summer of 1950. Drawing on his own experiences, Cecil explains that Maclean had access to most of the important telegrams passing between the Foreign Office and posts abroad as well as a selection of key Cabinet papers. Harold Macmillan's subsequent assurance that the department dealt principally with Latin American affairs and routine American questions, while not untrue, was at best "economical with the truth." The promotion board acted in pure innocence, yet Maclean already was considered a suspect by

A DIVIDED LIFE: A biography of Donald Maclean by Robert Cecil The Bodley Head £15.00, 212 pages

PHILBY KGB, MASTER SPY by Philip Knightley André Deutsch £14.95, 291 pages

tute of World Economics and International Relations and published articles on foreign affairs. Although loyal to his beliefs, he was openly critical of Stalinist Russia, a stance that brought him into cautious contact with Soviet dissidents. Without being a defector, this is a soft-edged study. Again, while Cecil does not minimize the price paid for the laxity of the old diplomatic service which left it vulnerable to deception, there remains in his conclusions some measure of nostalgia for a past where eccentricity could be tolerated without fear of treason. Even in the elitist world in which Maclean and Philby moved, few joined the Communist Party and fewer still became spies. Nothing in Philip Knightley's study of Philby convinces me that Philby was an ideological spy or leads me to doubt that, right until the end of his life, Philby was the servant of the KGB. Knightley is an experienced spy-watcher; he was on the Sunday Times Insight team which in 1967 set out to unravel the Philby story. He is the author, too, of a history of intelligence, The Second Oldest Profession (1988). There is in this present account much that has already appeared in print, and excellent use has been made of the BBC talks, The Profession of Intelligence. But there are new things as well. I greatly enjoyed Knightley's report on the impact of the "Franco" Times correspondent, and the new information he has gathered about what Philby did or did not report. Interesting too, on a different level, is Knightley's analysis of the series of KGB mistakes that led Burgess to accompany Maclean to Russia, thereby supposedly targeting Philby. Although Knightley's account uses Philby's suspect testimony in Moscow, this chapter provides an intriguing explanation of the seemingly inexplicable story. Using FBI papers, Knightley shows how J. Edgar Hoover, pursuing Philby, was unwittingly responsible for Macmillan's decision to clear Philby as part of the British defensive action against American probers. Other documents from the same source, used by John Costello in a new book on Anthony Blunt, suggest that the story is even

more complicated than Knightley imagines. And in the final denouement, there are again unexplored clues which might explain Philby's contacts with The Observer and The Economist. One cannot but wonder how far Knightley's reconstruction of Philby's time in Beirut and his later life in Moscow is coloured by what Philby chose to say to his invited guest. Philby was and remained a professional spy; even dead drunk, he gave little away. When confronted by Knightley with questions on the details of his escape or the identity of Elli - identified by Peter (Spycatcher) Wright as the codename of MI6 boss Roger Hollis, Philby pleaded ignorance or his inability to reveal operational details. Philby was, after all, an active servant of the KGB. Knightley is intelligent and not an innocent in such matters; yet, so much he quotes from Philby's testimony fits in too well with the impression that Philby's KGB mentors would have liked reported. Moreover, Philby was one of the Soviet Union's most successful agents. When SIS representative in the United States working with the FBI and CIA, he was being considered for the top position in counter-intelligence. It is the long list of Philby's "achievements" and his charmed life as a mole which has attracted public attention although, admittedly, as Knightley insists, his upper class credentials, like those of all the Cambridge spies, have continued to whet the public appetite for further exposure. Does this book and the interviews with Philby give us any greater insight into his motives and compulsions, their supposed *raison d'être*? I am not at all sure. There is something charming about the photographs above all, the picture of a benign gentleman in a crested sweater holding a copy of Spycatcher. The warm, bantering exchanges in the Knightley-Philby correspondence make me distinctly uncomfortable. I cannot accept Knightley's thesis that Philby's case has more to do with a betrayal of class than of country, or his argument that Philby made a total commitment and had the courage to stick to his ideals. His book does not prove either thesis.

Search for the roots of a Chinese puzzle

MY VIGOROUSLY Scottish aunts used to tell me that the MacDougalls were all descended from the early Irish King, Conn of the Hundred Battles, but sadly there is no written evidence to prove it. However, the Scots, although often literary folk, cannot quite match the Chinese enthusiasm for family history. Frank Ching grew up in post-war Hong Kong, cut off from his roots in China. But in 1978, after frequent trips there as a journalist, his sister Margaret gave him a plastic bag full of dusty old books. One of them was called The Ancestral Genealogy of the Qin Clan of Wuxi, going back hundreds of years. Already fascinated by the family's past, it launched him on this present book. The genealogy and the other volumes he acquired later traced the history of the Qin (in the dialect of Shanghai, where his father lived, this became Ching) back to the 11th century Song poet, Qin Guan. When Frank was posted to Beijing as the Wall Street Journal's first bureau chief in 1979, he began to explore the clan's ramifications. The search led

900 YEARS IN THE LIFE OF A CHINESE FAMILY by Frank Ching Harrop £12.95, 528 pages

him through his own immediate family - large, since his father had married frequently - to archives, ancestral halls and gravestones on deserted hillsides. Four years of work followed, "using libraries in China and the US and tracking down Chinese scholars and officials on the same trail." The upshot portrays a middle-class Chinese family and its environment through the centuries, with its share of poets, officials and revolutionaries. As the narrative nears the 20th century, the story becomes increasingly violent, in parallel with the growing collapse of the empire and the impact on China of the West. Wuxi, the clan seat in central China, was occupied by the Taiping revolutionaries in the mid-19th century. Frank's grandfather was involved with riots and the Boxer rebellion, and his father became a victim of the wartime upheavals of

the 1930s and '40s and died as an exile in Hong Kong. Not surprisingly, the sketch of his father's life is the most vivid. Frank, born when his father was over 50, knew him only as a tiresome old man, paranoid, constantly in pain and given to wandering round Hong Kong for days at a time. But his enquiries uncovered a different character: a young lawyer who mixed with Shanghai gangsters but would not accommodate the Japanese invaders, a compulsive gambler and womaniser but an honourable and respected legal expert. Frank, his parents and sisters are part of the great diaspora which has emerged in waves from China ever since the 18th century and seems set to continue. Qin descendants live in Australia or the United States. But because of his father's marriages, there are plenty of close relatives still in China, and those he contacted seemed well aware of the ties. Even distant cousins knew their place in the genealogies. Colina MacDougall

Still a woman apart

STEVE SMITH: A Critical Biography by Frances Spalding Faber & Faber £15.00, 331 pages

INCONGRUOUS among the trendy, leather-jacketed young men at 1960s poetry-readings was a tiny, middle-aged woman dressed in lacy tights and little-girl shoes. Yet, despite her prim and spinsterish appearance, she managed to seduce audiences into enthusiasm for her bizarre poems, which she sometimes sang. "Always in some sense a person apart," was how Steve Smith was described in her Times obituary. The eccentricity that sets many writers apart tends to provide their own lives with a plot or drama they themselves might have written, and their biographers with plenty of titillating material. But for all her forays into London's social and literary scene, which the dust-jacket of this biography is eager to stress, Steve was literally "apart." Like her three semi-autobiographical novels, her life was a class-dividing polarity with other characters passing sporadically across her screen. Even her negligible love affairs were brief and abrupt. Like much of her poetry, and uncharted, at least circumstantially, and even the most ardent of Steve's admirers cannot deny that critical assessment of her work is difficult, while detection of its biographical influences is unrewarding. Nonetheless, as in the previous books by Barber and McBrien, Steve emerges as a fascinating, contradictory character, renowned simultaneously in both life and poetry for stringency and coyness, naïveté and false-naïveté. She was anti-religious, yet asserted that poetry must be based on religion and philosophy, criticising Wells for his blindness to spiritual things; mad and prim, funny and tragic, effervescent and prone to exhaustive egotistic, touchy, mobbish and vain, yet affectionate, unconventional and endearing. It is unclear how negative Spalding intends her portrayal to be, for she exonerates Steve's bad behaviour constantly, even to the point of contradicting herself, as when saying that Steve was not given to flaunting her emotional affairs before friends, and, in the same paragraph, showing that she did. Spalding credits Steve's sneering description of priming "suburban girls" with a purely feminist motivation, ignoring its mobbishness and jealousy. And Steve's tendency to use her friends as fictitious characters in a way that betrayed their confidence, and suggested her own contempt or dislike, is con-



Steve Smith: a singular life done twice as being due to the intensity of her feelings for them. It is more explicable as the opposite. In Over the Frontier, Pompey, Steve's autobiographical heroine, says: "Certainly I can get on with everybody, but I am never wanting to go on with them for very long." and although, in Steve's first novel, Pompey claims to be on the side of her friends rather than any ideology, declaring friendship "a more final truth than policy or the argument of history," this is only to excuse her indecisive politics and impatience with other people's. Spalding is also over-reverent about Steve's poetry, to which she imputes "Swishian irony." Two peculiarly clanging lines, ending contrivedly in cake, wake, lake, or aloft, cloft, croft, soft, are said to be influenced by Edith Sitwell's technique, although they seem more reminiscent of a six-year-old's dogged pursuit of rhyme. But for all her forays into London's social and literary scene, which the dust-jacket of this biography is eager to stress, Steve was literally "apart."

Asad the paradox

ASAD OF SYRIA: The Struggle for the Middle East by Patrick Seale L.B. Tauris £19.95, 552 pages

"WHY Asad?" could well be the first reaction of many normally informed readers faced with this impressively researched 500-page volume on the Syrian President. He is thought of generally as the latest in a series of military dictators ruling over a moderately important Arab state. It comes as a surprise to be reminded that Hafez al-Asad's presidency has now lasted as long as Nasser's rule did in Egypt. The early chapters of Seale's book, which chronicle Asad's rise to power through the labyrinth of Syrian factionalism, are certainly somewhat esoteric. But the impact of his role in Middle Eastern politics becomes increasingly evident as the narrative moves on to Egypt's peace treaty with Israel and to the absorption of Iraq in the Gulf war against Iran, events which left Syria as the major obstacle to the establishment of an Israeli hegemony in the Levant. "Syria had to keep up the fight with Soviet help, with whatever Arab help it could muster, but above all with self-help." Egypt's withdrawal from the Arab-Israeli conflict began with the cease-fire which led to the termination of the war of 1973. Seale, describing Asad as "the unsound ally," condemns him for taking this step without previously consulting Asad, who was compelled to follow the lead of the Arab League. The criticism is valid, but the history of alliances contains many such episodes. After all, apart from the circumstance that, in 1973, the

allies were fighting on separate fronts, there is little to choose between Asad's treatment of his Syrian ally and the Eden Government's treatment of France on the Suez Canal 17 years earlier. In the year following Asad's final withdrawal of Egypt from the struggle, Saddam Husayn turned Iraq's back on it by embarking on war with Iran. Asad condemned this as the wrong war, but the various forms of support he gave to Iran consorted almost as oddly with his insistence on the priority of resistance to Israel. And there was further paradox to follow. In the Gulf conflict, Syria inclined towards Khomeini's Islamic fanaticism and against the secular regime in Baghdad. Yet when, in 1982, an Islamic insurrection broke out in the Syrian city of Hama, the city's army at the cost of between 5,000 and 10,000 dead. It is true that, as an Alawi, Asad was with Khomeini on the Shia side of the sectarian divide, and the rebels in Hama were Sunni, but there is no evidence that Asad was motivated religiously. How, his own rebellious brother asked, could he pursue one policy in Hama and another in Tehran? A large part of the answer is

to be found in the long-standing mutual hostility between the two wings of the Baath party, dominant in Damascus and Baghdad respectively. Even the priority accorded by Asad to the conflict with Israel is not absolute. It remains, nevertheless, his central pre-occupation. The present form is a political struggle for influence in Lebanon, where he is biding his own in a disintegrating environment. An elegant example of Seale's mastery of his sources, and one with topical interest, is his account of the attempt by a Jordanian agent of the Syrian security services to plant a bomb on an Israeli airliner at Heathrow in 1986. Nizar Hindawi was sentenced by a British court to 45 years in jail and diplomatic relations with Syria were severed. Seale here assembles the evidence that Hindawi might also have been controlled from Israel and that "the Heathrow bomb was never intended to go off." He notes that both German Chancellor Kohl and French Prime Minister Chirac believed or suspected that "the Hindawi plot was a provocation designed to embarrass Syria and destabilise the Asad regime." Without either endorsing or rejecting this theory, Seale argues convincingly that, whatever may have been the origins of the operation, it was undertaken without the knowledge of President Asad. Harold Beeley

Hooked again by the master of his genre

SPY HOOK by Len Deighton Hutchinson £11.95, 267 pages

ANYONE watching Ian Holm agonise his way through Game, Set and Match on television might care to hang on until the series finishes before reading Spy Hook, but it will be well worth the wait. Len Deighton's latest oeuvre is the first in a trilogy and picks up three years after G.S.M. Bernard Samson, the narrator (aka Ian Holm), is still at London Central and many of the other characters will be familiar. To say too much might spoil things for those glued to the box each week. What can be said is that Deighton has written a splendidly paced story that will have the reader turning pages more quickly than Samson downs a measure of malt. Half a million pounds is sloshing about Central Funding, unaccounted for. Samson is dispatched to Washington DC to encourage a former Department man to give his side of the story, without success. Washington man is killed, Samson starts digging and soon must be thinking that, with friends like his, he doesn't need anyone on the other side of the Iron Curtain. Samson continues to make forays into East Germany and

Deighton's descriptions of Berlin, so bleak and depressing, are some of the best passages in the book but a snowy Washington and a stormy southern California are equally captivating - Deighton manages to put the reader right there while never letting the pace slacken. On occasion in the past Deighton's plots could be described, at best, as labyrinthine. No such problem here; the plot is as straight as a corkscrew, which is exactly what one wants from such a book. Twists and turns there are, and should be, but the reader doesn't have to stop to take notes or give up in despair halfway through. Spy Hook is a ripping yarn but it would be doing Deighton less than justice to leave it at that. The old cliché "master of the genre" springs to mind; probably because this time it happens to be true. Read it and see for yourself. Jeremy Bennellack-Hart



Len Deighton: corkscrew plot

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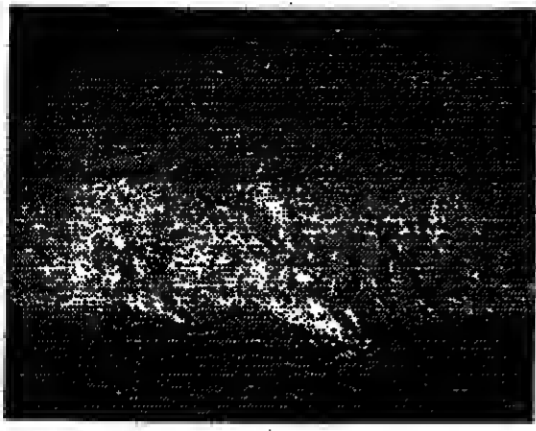
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COLLECTING

THE SAALEROOMS, and the dealers, would be falling down on their job if they were not thinking about how the Soviet Union fits into their commercial future. The opening up to business of that vast country, richer, at the moment, in marketable works of art than in potential buyers, obviously provides opportunities.

Some have already been seized. In the summer, Sotheby's organised an auction in Moscow of contemporary Soviet artists, with a few morsels by the *avant garde* of the early years of the century thrown in to tempt western buyers. The sale was a great success, bringing in £2m. The top price, and way above budget, was the £380,000 paid by the London dealer Annaly Jude for an abstract painting in 1920 by Alexander Rodchenko, but contemporary artists also excited, with a German buyer paying £242,000 for a work by Grlaha Bruskuin and Eiton John coughing up £44,000 twice over for paintings by Igor Kopytsianskaya and his wife Svetlana.

The sale did not totally overcome the problems of dealing with the Soviet Government - the Russian artists have still to receive the hard currency promised them for their works - but talks are well advanced for another auction next year. No-one anticipates that the Soviet Government is about to embark on a series of sales overseas of the national treasures still in the country, such as occurred in the inter-war period in the desperate search for hard currency (if anything the Russians are keener to repatriate their artistic history), but the Government is anxious to make as much capital, both in money and in reputation, from the growing foreign fascination in the best native artists.

Christie's mammoth sale of Russian works of art last month was well documented by a crew from Soviet television, and the breadth of western interest in Russian *avant garde* art of the early years of the Soviets was well illustrated by the price of £20,800 (estimate £8,000) paid for a "propaganda" plate (a white plate from the Imperial factory painted with a propaganda message in 1921).

It was to a design by the famed Alexandra Schakotikhina-Pototskaya, though she did not actually wield the brush on this occasion. A few days earlier the British Museum had acquired a plate and a tile from the same Suprematist period from the dealers Ekstein & Mazure, the first



From Sotheby's: Thatched logged cabins on the banks of a stream, by Vasilii Dmitrievich Polenov

The Russians are coming

Antony Thorncroft discovers new interest in Soviet art exports

ceramics of their kind to enter a British public collection.

What is amazing about the current desire for the paintings, graphics, ceramics, and so on of the early Soviet period is that it has developed only in the last twenty years, since a series of exhibitions opened western eyes to this short-lived explosion of creative art, soon to be crushed on the orders of Stalin. What, think the salerooms and the dealers, will collectors lap up next on the crest of this new wave of enthusiasm for things Russian?

Well, it should be icons, perhaps the greatest manifestation of Russian art but one which the West resolutely refuses to appreciate. Prices of icons are ludicrously low. This is partly because relatively few fine examples appear on the market but even when they do prices are negligible. John

Stuart, the expert in the field at Sotheby's, well remembers when a 15th century icon from the Royal Workshop of the Virgin sold at Sotheby's for £5,000; on the same day a doodle by John Lennon fetched the same price.

Russian icons really need a good exhibition in the West to alert discriminating art connoisseurs to their importance. This would give prices the push they need and that, in its turn, will bring more good icons out of the woodwork. Although, in theory, icons represent to the Soviet Government examples of religious superstition which is at odds with the ethos of a modern state it is reluctant to sell abroad any of the good examples it still hoards. Only poor 19th century examples are offered for export. But one can imagine that, in time, the best

icons will be traded internationally as freely as the best Old Masters (which is not saying too much).

The other area of Russian art best appreciated in the West is the work of Fabergé, the late 19th century jeweller. Most of his finest examples left Russia long ago and this market, which appeals to a certain kind of flamboyant collector, has limited interest for contemporary Russians. But the Soviet Government often surprises the western antiquaries trade. It was an active buyer at a recent silver auction in Geneva, and if it had the hard currency it would undoubtedly buy back more of its native artifacts.

The basic anomaly behind the renewed interest in Russian works of art is that the 200m-plus Soviet citizens seem certain, for the foreseeable future, to be observers rather than buyers. It is as if Americans did not buy American art, when in practice they are virtually the only purchasers of it. This means that there are wonderful Russian objects available for western buyers, especially among paintings. Sotheby's and Christie's have done very well in the last three years by promoting 19th century Scandinavian art: paintings by Zorn, and others, now sell for six figures. Yet Russian pictures of the same period rarely make five figures, and since many of the best artists spent time in Italy and France there are good examples around.

Sotheby's is offering a selection in its Russian sale on November 14th, but even a painting by Aivazovsky, who specialised in seascapes and who in his day commanded higher prices than Rembrandt, only carries a £20,000 plus estimate. The most expensive in the auction is likely to be a portrait of Nobel, the prize giver, by Serov, probably the leading Russian artist of the time. It will be doing well if it tops £30,000.

A good indication of the interest in Russian art is the fact that the dealer Roy Miles, who was quickly into the Victorian paintings boom in the early 1970s, is now trading in the Russians. It will require many more auctions, exhibitions, and books before Russian art really takes off, but the beginnings of a boomlet are everywhere apparent. One more sign is the publication next week of *Russian Furniture - the Golden Age, 1780-1840* by Antoine Chenevière, which plugs another gap in our knowledge.

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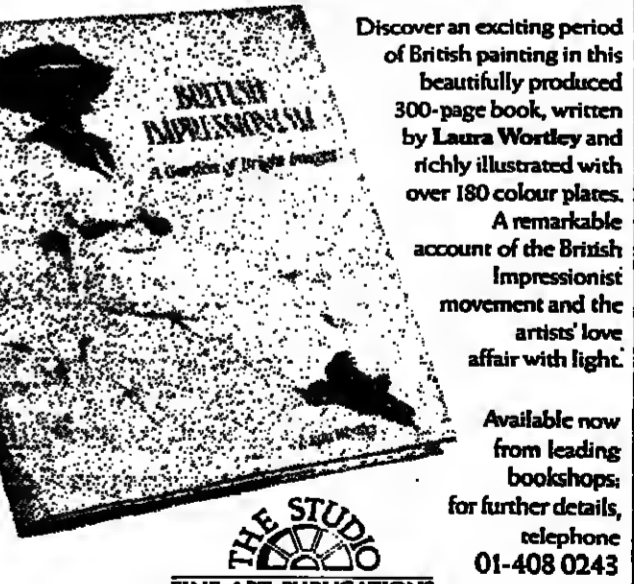
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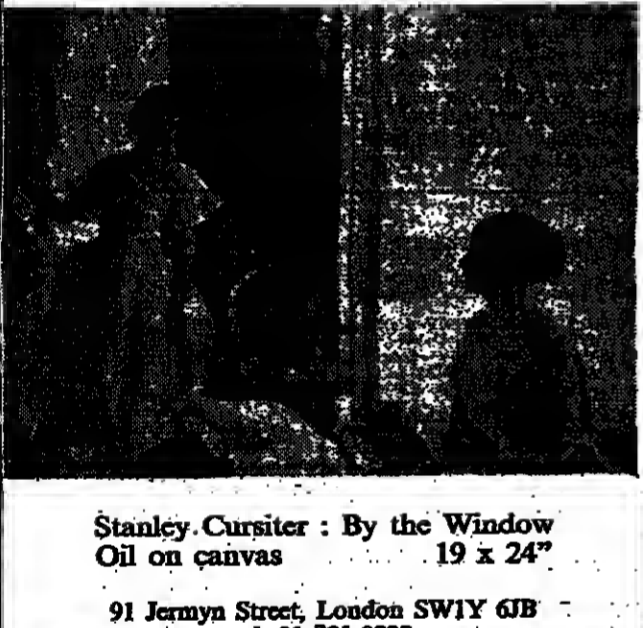
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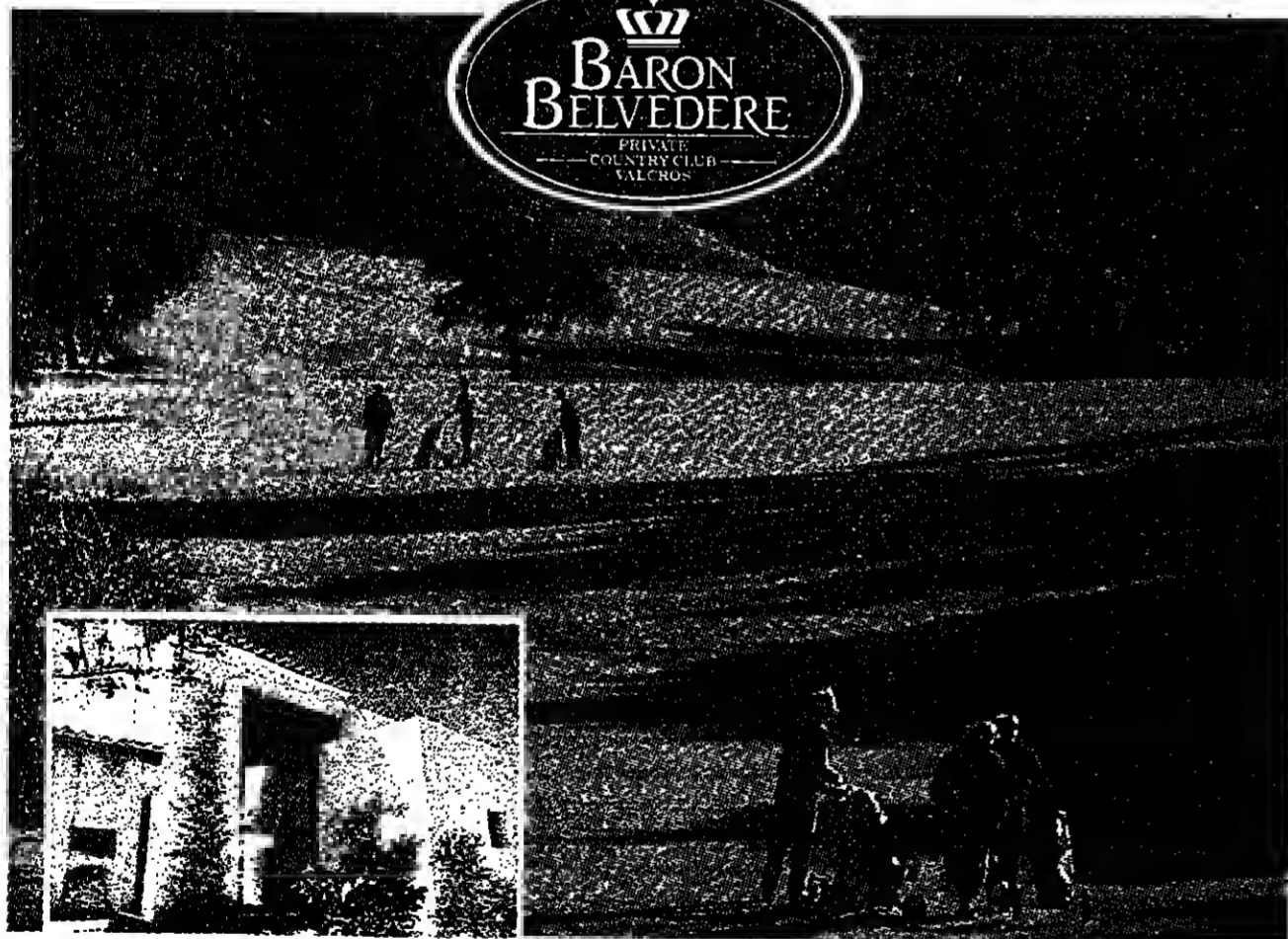
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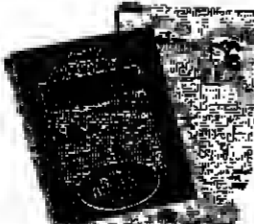
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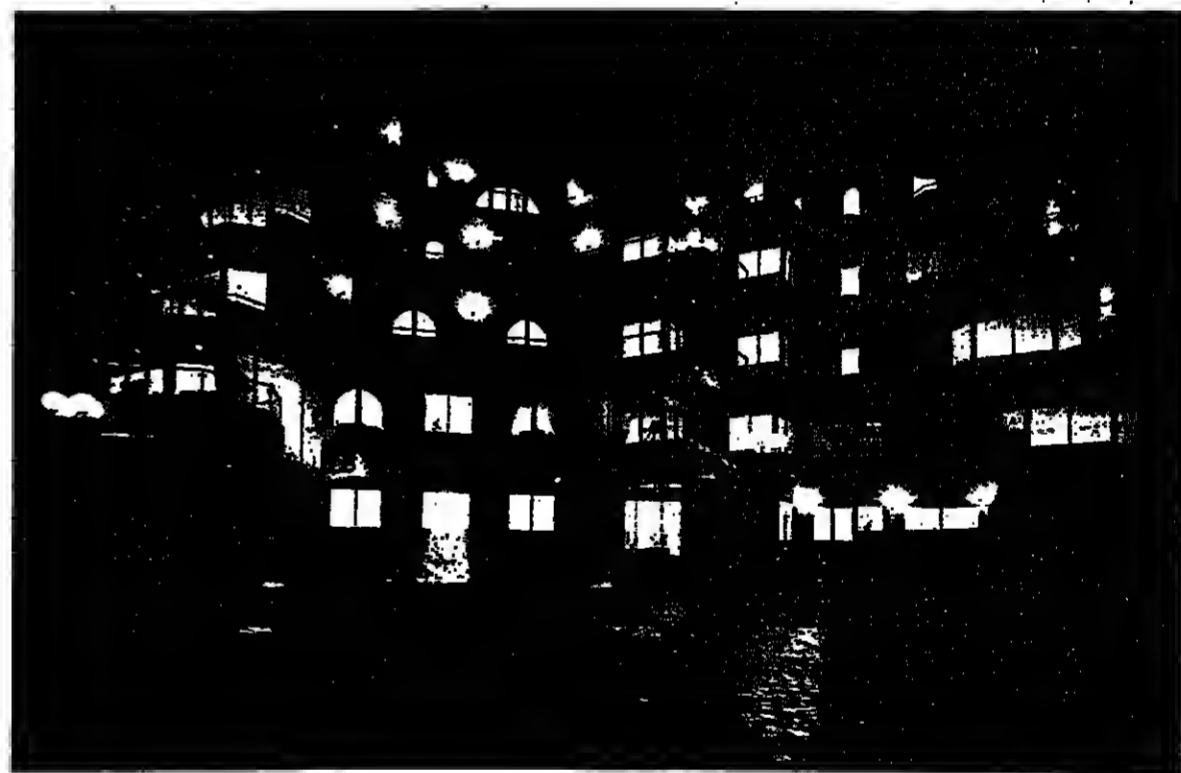


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GARDENING

A devilish dialogue

Robin Lane Fox reflects on some late performers and tells how Satan met his match in the desert

THIS AUTUMN has been marvellously kind to gardeners - a high proportion of clear days and blue skies, but never such dry weather that the weeds have become irremovable and the flowers run too quickly to seed.

magic as the flowers age and turn a deeper yellow. Botanists, perhaps, explain it in terms of the plant's pollination or sexual expectations.

the difficult plant which too many books suggest. It likes a dry, stony soil without much food, whereupon its flowers throughout the summer and sets seed which germinates quite easily.



Garden. I suspect that this form varies because it is now available with green leaves, not grey, as a result, it seems to flower wildly.

Looking to the fuchsia

FOR MANY weeks now, some of the best and most persistent colour in my garden has been coming from the hardy fuchsias. The mild, damp autumn has suited them to perfection; and although they suffered severely in the great storm last year, this seems to have worked to their benefit since most have made strong new growth from the base, which is always the best for flowering.

Arthur Hellyer on flowers that add colour to an autumn landscape

The real workhorse among hardy fuchsias, the one that has had much of the praise ever since it was introduced at the close of the 18th century, is Mrs Poppie. It has much the same colour mix as Brilliant but the flowers are not so large.



to spread itself, but it is worth finding that space. It will then reward you with a plant 5-ft across, perhaps more. I am told that in coastal gardens it is sometimes trained against walls and will eventually attain 15ft or so, but I cannot recollect having seen such a specimen. I find it moderately hardy but not quite in the Mrs Poppie class.

Country Notes The Tashkent connection

THERE IS something about those golden cobs of maize, hanging beneath the eaves of German farmhouses and barns, that smacks of thrift, wisdom and food husbandry.

James Page Roberts sows the seeds of a problem

and, finally, seeds took over. The plants were then cut off at the base, tied in bunches and hung beneath the overhanging eaves of loose-boxes for the seeds to dry - looking as primitive and peasant as an autumnal harvest should.

There is something about those golden cobs of maize, hanging beneath the eaves of German farmhouses and barns, that smacks of thrift, wisdom and food husbandry.

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Diversions

Along the Limpopo lifeline

Jeremy Harding risks ambush from Mozambican guerrillas as he meets the 'last of the real railwaymen' restoring the track from Zimbabwe to Maputo

LIGHT DRIZZLES was falling on the railway. Two Zimbabwean soldiers riding shotgun in the self-propelled trolley snatched fresh clips of ammunition into their automatic weapons and stared out of the side windows. The enormous Joe Mayers was leaning forward, gazing through the windscreen of the trolley and scanning the bush on either side of the railway.

The Zimbabwean railway workers inside the bright yellow vehicle were bound for the Mozambican border where the hazards of continuing down the Limpopo line, as they proposed to do, were very serious. Even here in Zimbabwe, however, there was always the nagging anxiety of a Renamo ambush. Renamo, or the Mozambique National Resistance - a right-wing insurgency backed by South Africa - had been filtering over the Zimbabwean frontier for some time, and the line from Rutenza to the border cut through thick bush where it was easy for Renamo to set a trap for Zimbabwe - a quid pro quo for Zimbabwean military aid to Mozambique.

The trolley was approaching a small waterhole which Mayers had marked off as a danger point. "We've had incidents around here," he muttered grimly. As the trolley rumbled through, a group of impala scattered off a strip of flat ground and dashed for the bush, where they stood motionless with their heads up and their eyes on the railway. The atmosphere inside the trolley lightened perceptibly. "A good sign," said Mayers, turning round with a grin. "The animals are coming to the water. Renamo must have gone."

Mayers is the plant and renewals officer for the National Railways of Zimbabwe (NRZ). He has worked on the permanent way for 28 years, but the Limpopo project is the most challenging job he has faced. Once a month, at least, he leaves his base in Bulawayo and travels down to the Mozambican border. From the frontier post of Chicalualuala, he proceeds south with a military escort in a small, self-propelled, armoured trolley along the Limpopo line, a stretch of single track which runs for 530km through the Limpopo valley to the Mozambican capital, Maputo, on the Indian Ocean. Mayers and his Zimbabwean colleagues are involved in a joint effort with Mozambican Railways to overhaul the line.

The Limpopo railway has been in chronic disrepair for more than a decade. High temperatures and sporadic but intense rains have caused the wooden sleepers to rot away beneath whole sections of rail until they are barely distinguishable from the fertile earth of the Limpopo valley itself. By 1982, the additional problems posed by Renamo had closed down the railway. But plans to repair and protect it were already in the air at the time of Zimbabwe's independence in 1980. They became a reality 18 months ago when Britain began funding the first phase of the rehabilitation.

It is Mayers' business to see that his track workers are delivering on a hard-earned contract awarded by Mozambique to NRZ for extensive repairs at the northern end of the line. The Zimbabweans are well-suited to the job. They are some of the best railway workers in Africa and kept their own system running through a long war. During the late 1970s, Robert Mugabe's guerrillas were hitting Rhodesia Railways hard. People like Mayers would be out repairing the track within hours of a detonation.

Since the Mozambique-Zimbabwean partnership was struck up, the Limpopo railway has been under constant threat from the end of the line where the insurgency has created delays for the Mozambican engineers. Despite their difficulties, they had hoped to work their way north from Maputo; but as matters now stand - and they are standing very still at the Maputo end - Mayers believes his own track crews will have to carry out repairs to



within 80km of the coast if the project is to be completed at all. The Zimbabweans call this "going for the prawns." Maputo, or Lourenco Marques as it was, has always exercised a deep attraction for Mozambique's western neighbours, who have no access of their own to the sea. In the old days, when Rhodesia was Rhodesian, the seaport on offer in the Mozambican capital was one of

Rhodesia Railways debated the virtues of a new domestic link to the South African border; this would have provided access to Lourenco Marques via the northern Transvaal. It looked good on paper, but the very same link would have meant a quick hop from Rhodesia to the entire Transvaal and thence to the South African ports. That, in turn, would have entailed a huge transfer of traffic to South African Railways and equivalent losses to Rhodesia of some \$2.4m a year. In consultation with Rhodesia Railways, the Portuguese began to extend the Limpopo railway up to the Rhodesian border.

In 1954, Sir Arthur Griffin, chairman of Rhodesia Railways' board, explained his preference for a link to the Limpopo line at a meeting in Bulawayo. He had tried, he said, to wrest concessions from the South Africans in return for the obvious advantages that a Rhodesian link to the Transvaal would give them but, he explained, "They could not see their way to accept the tentative proposals then made." The following year the first goods train left Bulawayo, travelling on the new link to the Mozambican border and from there down the Limpopo line to Lourenco Marques.

Thirty-three years later, South Africa still poses problems for Zimbabwe. If it wished, Pretoria probably could scotch the Limpopo rehabilitation project in under 48 hours. So far, it has taken a softly-softer approach, leaving Renamo to harass the railway in its own good time. But as the rehabilitation proceeds, Pretoria will be weighing up the pros and cons of a short,

sharp intervention that would save millions of dollars in traffic losses but which also would incur the fury of the project's influential sponsors, including Britain.

In the meantime, Renamo - or "Matsanga" as it is known locally - is a force for the track staff to reckon with. Joe Mayers had spent a quiet evening at Rutenza, waiting overnight before proceeding to the border. From 5.30 pm, he demolished several quarts of beer and then broached a bottle of gin. At 10, he ate a light supper and took a phone call from Chicalualuala informing him of a Renamo ambush. Two members of the Zimbabwean army, who provide security for the track crews inside Mozambique, had been wounded in an attack on an armoured car. The driver had been shot through the stomach and a major wounded in the leg. Having dealt with the call, Mayers fastened the gin bottle. At midnight, he retired sober. He rose at 3.30 am and completed his paperwork. At 5 he was ready to leave, but the incident clearly was on his mind.

We were on the platform at Chicalualuala before sunrise, preparing to move off in three sinister armour-plated trolleys with a handful of Zimbabwean soldiers. It was winter in the Limpopo valley. The track staff on the platform stamped their feet and the diesel fumes from the decrepit trolleys hung laboriously on the air. Mayers was muttering already because the soldiers were a few minutes late. "Like lambs to slaughter," he said, with a mixture of amusement and despair in his voice. "How are you ever going to win a war if you

have to wake up the army?"

From Chicalualuala, the track is perfect for 60km and the bush has been cleared back. Some 14km out of the station, the line runs under two parallel rows of pylons which stride on south to the Transvaal. The power lines are a major crossing point for Matsanga; at night, the insurgents move over the railway like ants. By day, they sleep or watch. Occasionally, they attack. Further down the line, the track gets rickety and the bush gets closer. The psychological pressure begins here. The track crews scrutinise the bush and Matsanga scrutinises them. They know Matsanga is watching from the bush and Matsanga knows they know.

An hour out of Chicalualuala, Mayers stopped the trolleys at a small encampment of Zimbabwean soldiers. They emerged from the trees to greet him, wearing blankets and webbing over their fatigues. The scene was reminiscent of their own liberation war when they would have spent months at a stretch in the bush, perhaps this very bush. The border area was a major guerrilla sanctuary during the Rhodesian war, and many of the bullet scars on the small station buildings are the result of Rhodesian army incursions into Mozambique during the late Seventies.



The soldiers were cold but their morale seemed good. The ambushed armoured car lay beached on a sandy rise to the right of the track. Most of the bullets had left harmless nicks on the armour but there were also ominous holes in the radiator. The big patch of blood under the driver's seat still had a damp, meaty consistency. "Like lambs to slaughter," Mayers repeated, removing his large straw hat, dusting it over his thigh and replacing it. We boarded the trolleys and continued south in silence.

There were 200 Zimbabwean track workers based further down at Mapai, where security was good. On a stretch just north of the station, dozens of young men in bright yellow kit were laying continuously welded rail. An ancient crucible blazed white hot over a rail joint and thin smoke drifted through the bush beside the track: the crews threw molten metal into the grass, starting small fires that gradually cleared the vegetation away. We waited while they clamped down a section of old

rail and eased us over the track, creaking as we went. Mayers got out and chatted to the men.

The young Zimbabweans were all school-leavers and all had volunteered for the work, said Mayers. He praised their courage; in this, as usual, he was correct. During the dry season, the valley is like a barbecue. There is malaria all the year round and then there is Matsanga. But their courage also was prompted by severe unemployment back home in Zimbabwe. They watched as the three armoured trolleys rattled south.

We passed several settlements on our way down. Children picked their way over the cold ground, like small Ethiopian princes with bright cloth draped from their shoulders. Grey brahmin cattle stood placidly in wooden pens under the trees and, where we halted, the soldiers conversed with the local Mozambicans. Now that units of the Zimbabwean army were moving up and down the line, a network of informal contact had begun to develop.

There was also a brisk trade in army rations. In the biggest deal, rumour had it, a Zimbabwean officer had bought an elegant Suzuki motorcycle from a Mozambican in Mapai for 400 kg of sugar. Life at Mapai had been a lot of activity around the station and occasional passenger trains to the border. The railway meant soldiers; soldiers meant defence and in Mozambique, where Renamo is thought to have killed 100,000 civilians, defence meant a return to some semblance of normal life.

Mayers took us 180km south to Combomune. It was semi-cleared territory and it was unweaving. By late afternoon he was satisfied with his inspection and we were on our way back. During our brief stop-over in Combomune, Renamo had set fire to some sleepers 20km north of the station and crept away to observe us. It was an unpleasant surprise but the trolleys hurtled over the smouldering track without

In Mozambique, the Renamo rebels are thought to have killed 100,000 civilians

incident. After dusk, however, they began to break down. Mayers headed for home in a series of towing and shunting operations until the worst breakdown, 2km from the power lines, where the bizarre procession came to a standstill. It was well after dark and the last of the crippled trolleys took half an hour for the men to repair.

The episode was a test of nerves. But these extraordinary, marginal southern Africans, who live for half the year like characters in *The Waves of Fear*, were icy cool in the repair job, laughing only at the edginess of the young soldiers as they waited in the trolleys, wondering if Matsanga had rocket-propelled grenades and whether it proposed to fire them.

"These are the last of the real railwaymen," Joe Mayers said of his colleagues when we were back in Chicalualuala. "The new generation just watches the clock; they've washed their hands by lunchtime and they're ready to leave." Mayers and company, on the other hand, can barely tear themselves away from the line. They are a disappearing breed for whom the track has been a lifelong addiction. Perhaps that is their misfortune. But it is also a matter of justifiable pride to all of them. If foreign donors can match such high levels of commitment from the track staff with generous funding for track materials and improved security, then the Limpopo railway could well have an illustrious future. If not, the grass will grow back quickly between the sleepers. South Africa will have chalked up another ambiguous victory over its neighbours and there will be very few prawns for anybody.

'How are you ever going to win a war if you have to wake up the army?'

two irresistible temptations that drew land-locked white males to the coast on a regular basis. Today, Zimbabwe's push for the sea is an ambitious bid for economic independence from South Africa.

To achieve this, access to the Indian Ocean is critical. If it ever runs at full capacity, the Limpopo line could save Zimbabwe up to \$20m a year by reducing its freight traffic through the Transvaal to South Africa's ports. It would also minimise Zimbabwe's liability to a range of punitive tactics - lengthy delays at customs, for instance - which the South Africans now have at their disposal. All of which is prawns in the most figurative of senses.

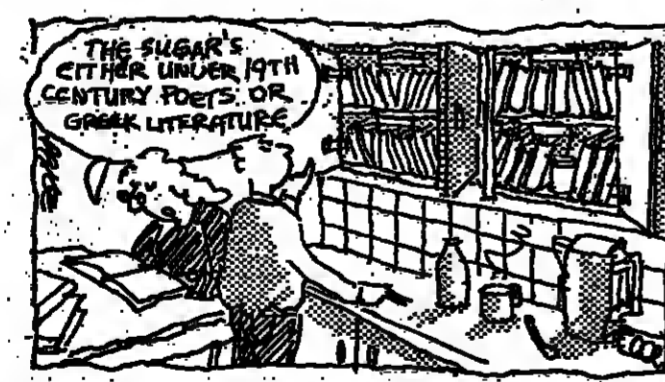
The transport tussle with South Africa, and the solution beckoning from Mozambique, is nothing new. During the 1950s,

Educating Sandra, 20 years on

I THINK I must be a late intellectual developer. I could not wait to leave school and get on with things, preferably things in London. I took off my tunic and you couldn't see me for dust. University was not on my agenda. Thirty-two years of children and school left me no time to be anything but "Mum," and then suddenly they were all gone - at least on a daily basis. The phone started ringing and people were asking me to join a committee, to run a fund-raising, to collect money (or jumble), to do meals-on-wheels. I panicked, I am not against good works, on the contrary, but to make it a life's work was to make it a life's work.

So, I turned to my unfinished education and joined the university as a part-time mature student. Universities like "matures" - they feel that the experience of life they bring with them outweighs their falling memories and powers of retention. If you can read and write, have suitable exam results and are keen, they are happy to take you on. I enrolled for a degree in English. Being part-time meant a six-year degree course rather than three years, but it also meant that home life was not totally disrupted; there would still be time to fetch the cleaning and weed the garden.

My children, who were already at university (although not the same one) thought it hilarious. "We've got this really good mature on our course," said my son. My ears pricked up, I knew this was the highest accolade. "What's she like?" asked "the wester's" - my eldest. "She wears a hilar's jacket and comes in on a moped," he replied. My hopes of being



cool were dashed. We were given a reading list before the course started - not too daunting - and I had a wallow in Dickens, Hardy and Mrs Gaskell. My enthusiasm rose and I arrived on my first day to attend my first lecture. I joined a group of old-looking people like me, greatly outnumbered by young-looking people like my children. In the lecture hall, we grown-ups were scattered round the back and middle, some with heads down on the tables, apparently asleep.

Next day was a seminar to discuss the books we had read. I had read them all wrong. You were not supposed to read the story line; rather, to look at the social and political implications and read them again in conjunction with the social and political writers of the time. "Just read *History of the Working Classes*, this week," said my tutor. My friends could not believe how my priorities had changed in such a short time. "Come for a day's shopping on Thursday," said one. I looked at her, almost at such fervently. "I can't possibly," I said. "I've got a critic to write and two sonnets to

at home was hard and difficult to settle into, as anyone who has worked at home knows, and I wandered about for hours avoiding the blank sheet of paper. When I finally got down to it the telephone rang, the doorbell went or the man came to mend the fridge.

"Much easier being an 18-year-old undergrad," I reflected later as I sat through a film of Henry V, trying not to do a mental shopping list. "Their only pressures seem to be falling in love and getting their clothes washed."

"I don't have to do this," I told myself as I settled down to some late-night study but when I really thought about it, I realised that I wanted to do it. I liked doing it. It was a part of life that was completely my own and I was never bored; I just needed eight days in the week rather than seven.

By the middle of the second term I was deeply into it, almost resenting the intrusion of the outside world into my little corner of academia. My study area became the focal point of the house as far as I was concerned; essay deadlines took priority over writing lists of all the people we owed for dinner; research into the meanings of *The Waste Land* started off as an unclimbable mountain and turned into an absorbing project.

Already, people who had been wondering whether they would complete the first year were asking each other which courses they were going to do the following year. The six years that had sounded like a life sentence were going to turn into a way of life.

Sandra Burbidge

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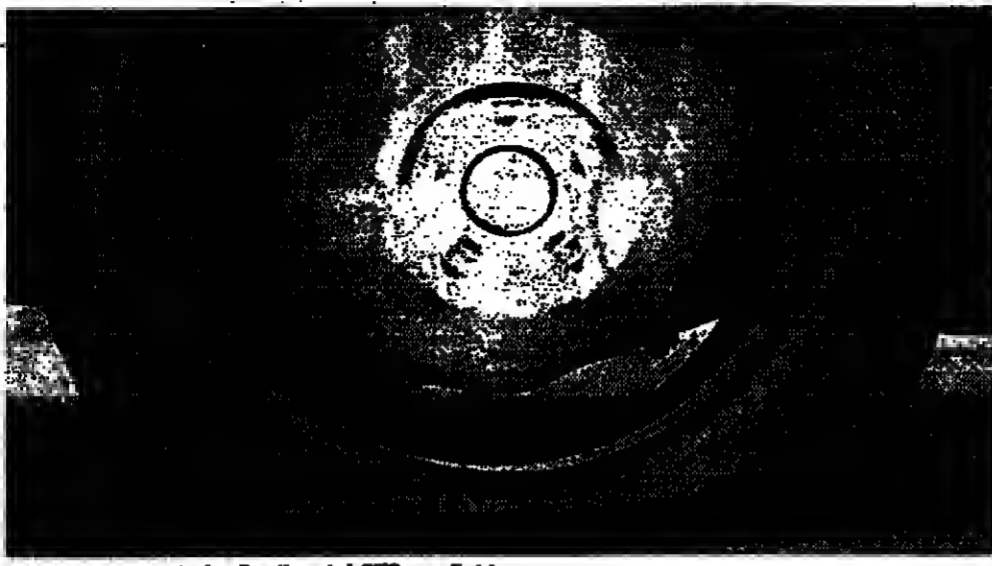
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MOTORS

Now you can drive with a flat tyre

Stuart Marshall examines the latest aid to road safety - as well as doubts about its effectiveness

THE WORLD'S first car to use a revolutionary run-flat tyre made by Continental will be the new Mercedes SL sports coupe, which is due to be unveiled at the Geneva motor show next March.



Down but not out: the Continental CTS run-flat tyre

The ContiTyreSystem (CTS) is unlike any of the other run-flat concepts that have been around for years. Its tyre fits on to the inner diameter of the rim. When it goes down, the sidewalls fold outwards out of harm's way and the specially-shaped wheel transfers the weight of the car to the inside of the tyre tread.

In theory, this could allow a driver to continue to drive for several hundred kilometres at reduced speed on a CTS tyre. However, Mercedes thinks that this is beside the point. It believes that wealthy buyers of the new SL would be as unwilling to crawl along at 50 mph (80 km/h) for several hours as they would to change a wheel at the roadside. Mercedes sees the CTS only as a means of enabling the SL owner to keep going after a puncture for long enough to get help.

Continental thinks cars with CTS need not have a spare. Again, Mercedes begs to differ. So, the SL coupe will have a spare CTS wheel/tyre unit in the boot. The garage will fit it so that drivers will not get their hands dirty or have to wait for help to come to them.

No other Mercedes model will be offered with a CTS option just yet; the concept is on trial to see how the public gets on with it. All the car-makers have tried CTS but only Mercedes has decided to use it - and on a small scale, at that, because the SL itself will be costly enough to limit sales to a few thousand a year.

Critics of the CTS concept - and there are plenty of them in the tyre and car industries - say that while the tyre is losing pressure, the car's handling can deteriorate without the driver noticing. They see this as a potential drawback, even a danger.

The answer to this problem is straightforward but expensive: fit the car with a tyre pressure monitoring system. Porsche has done just that with its 1989 model 928S Series 4. If a tyre loses pressure, a light flashes on the fascia to warn the driver.

No other manufacturer has yet decided to equip a standard production car with tyre pressure monitoring, although Michelin has such a system which it calls MTM (for Michelin Tyre Monitoring). It was unveiled at the Frankfurt show more than three years ago and costs about as much as a decent radio - but it is still looking for takers.

Really, it is all a matter of priorities. Up-market car buyers are happy to spend £1,000 or more (often, much more) on an elaborate in-car entertainment package. But punctures, like accidents, are regarded as things that happen to other people.

These V and Z speed-rated tyres are a large and growing business despite a legal maximum of, at best, 81 mph (130 km/h) applying to all European roads except for West Germany's autobahnen. Annual European sales of high-performance tyres which are safe to use on cars capable of 160 mph and more.

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HEATED car seats, once reserved for buyers of up-market motors such as Saab and Volvo, are now within reach of all. A firm called Auto Q is offering a Swedish-developed electric heating cushion that plugs into the cigarette lighter. In two minutes, it gets warm enough to delight back sufferers or appeal to anyone who hates the impact of a cold seat on a wintry morning. It keeps warm until the plug is pulled out. The price is £39.95; details from Auto Q, 26 Harmer Street, Gravesend, Kent DA12 2AX. S. M.

Pirelli's own testers rate the P700 Z as better overall than three main (but unnamed) rivals, as well as the older P700 it will replace. Before you say "Well, they would, wouldn't they?" Pirelli also rated one competitor better for wet grip and steering response, although inferior for comfort, noise generation and (especially) aquaplaning resistance. Which tyre, Pirelli would not say, but a little detective work revealed that it was the Japanese Bridgestone RE71.

A few days later, I saw a man parking his Porsche 928 the lazy way, running one of the £200 front tyres over a kerb at about 15 mph (24 km/h). I don't suppose he even thought about the potentially lethal damage he might be doing, but he neglected and abuse of their products are the two crosses all tyre manufacturers have to bear.

At one time, buyers of such tyres demanded only the finest handling, steering response and road-holding and were ready to ignore a bit of bumpiness and noise. Not any more. They now want almost racing standards of performance with the quiet running and comfort of much lower speed-rated tyres. Plus, of course, excellent wet grip during braking, acceleration and cornering, and aquaplaning resistance.

It is a considerable challenge to the tyre designer. I discovered how well Pirelli had succeeded with the P700 Z at its private test track at Vizola, near Milan, the sort of place you can explore responsibly the limits of a tyre's performance. Only a fool would try to do so on public roads.

Vintage time for collectible cars

IT IS NOT only in the south-east of England that collectible cars are fetching big money. Central Motor Auctions reports good prices at a sale in Leeds. A 1932 Rolls Royce 20/25 Limousine made £17,300 (£4,300 over reserve) while a 1959 Bentley Series I standard steel saloon, owned originally by Lord Siff of Marks & Spencer, realised £18,400. A 1966 Jaguar 4.2-litre E Type roadster in super condition made £17,800 and a 1969 Morris Minor 1000 two-door saloon, with 10,000 miles on the clock and the original handbook, service book and RMC paper dossier in place, was knocked down for £4,000. If present trends



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One-off one-upmanship

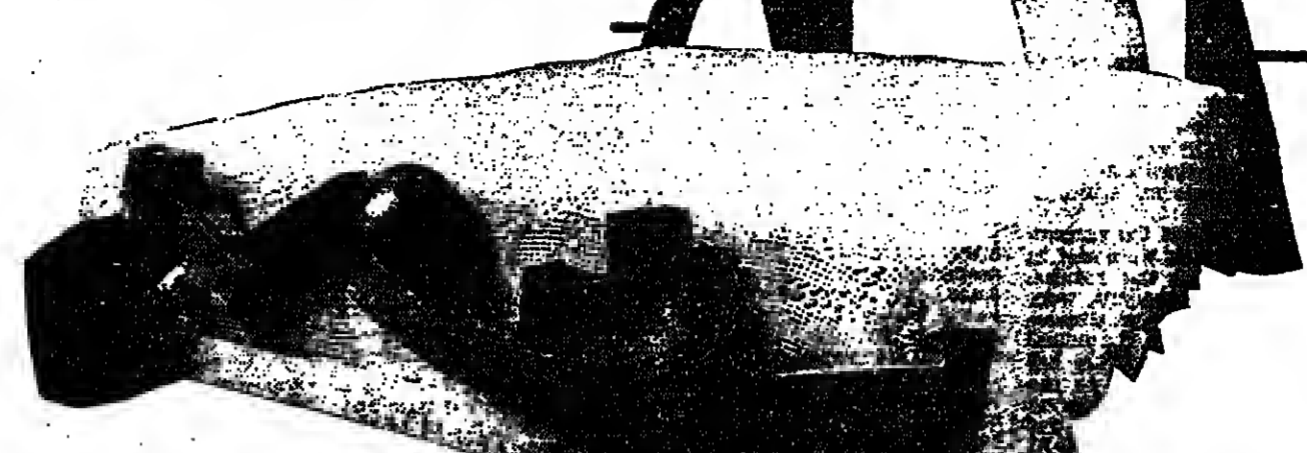
Why buy a mass-produced item when for a little more - and sometimes less - you can commission the piece of your dreams? asks Susan Moore

ONLY THE least vain among us could fail to be tempted by the idea of owning something unique and, moreover, in being involved in its creation. If justification were needed, the cost of a one-off, hand-made piece - be it a table, a stained glass window, a pair of wrought iron gates or a coffee cup - need not cost any more than a good (or even not so good) quality mass-produced item, or even a less-than-top-class antique. Yet, somehow, most of us never get round to commissioning the antiques of tomorrow.

There is obviously an element of risk in all commissions. Not all, however, need be as much of a gamble as Christopher Logue's almost

larger-than-post-sized ceramic hand that was, literally, either made or broken in the kiln. If the enormous garden piece, made by Frances Hewitt, had crumbled, that would also have been the end of the money Logue had put up-front. As it happened, the commission proved an inspired piece of foresight - not least because Logue didn't then have a garden.

Suspense, believe it or not, is part of the thrill. However, close your brief to the craftsman, however detailed his or her drawings, the translation from two to three dimensions is almost impossible to visualise. One old hand at commissioning admitted to keeping something unwrapped for three weeks because she feared



'Elements thrown into the air.' Stained maple bed by Fred Baier, about £5,000

that she might hate it, although none of the commissioners I spoke to reported a disaster. Recognising the public's reluctance to commission a contemporary craftsman, or its sheer bewilderment of how to go about it, the crafts community has come up with a number of practical commissioning services and the first exhibition devoted to the subject, 'As You Like It: The Art of Commissioning', is at the Royal Festival Hall until November 22.

Its organiser, the South Bank Craft Centre, offers a commissioning service, as do Contemporary Applied Arts (a professional body of 200 of the best of British craftsmen) and the Crafts Council. Both offer free service to those commissioning one of the 461 craftsmen on its select list and slide library.

These are not arm-twisting but hand-holding services, guiding the client through every stage of the commissioning process, from choosing an appropriate maker and advising on what to consider when setting the brief, to drawing up a simple contract and advising how and what to pay. Before getting to the stage, it is a good idea to get your eye in first by visiting the V & A or by looking in galleries (the Crafts Council produces a free map of the best craft shops in England and Wales).

Vanessa Swann of Contemporary Applied Arts finds that there are two types of patron: those with a strong interest in the visual arts who want to extend that into their homes, and those who simply haven't been able to find what they want elsewhere. Maureen Michaels falls into both categories. Her most recent commission, 'the most nerve-racking and expensive of all', was a light installation by Thomas Elst, arranged through CAA, that would light the rest of her collection without making it look like a museum: an alternative to tracks and spots. The result covers half her drawing room ceiling but its dancing, ethereal elements neither overpower nor dominate the room and she is delighted.

Janice Blackburn, who has been commissioning crafts for over a decade, admits to being something of an obsessive. 'I show everything, go to as many shows as possible in London and in New York, and go to great lengths to chase the people I'm interested in.' She insists that it is crucial to have total confidence in your maker, and to be prepared to wait for a piece. Her most recent acquisition is a bed by Fred Baier, commissioned via CAA, for which he supplied drawings and a model of room and bed to scale.

The brief was relatively open. Fred's shapes were inspired partly by the house and develop a theme on which he is working: making struc-

tures out of things that look as if the elements have been thrown in the air and frozen before landing. 'I like to make sure that my clients know what they are getting and that they will like it,' he says. 'It is important, too, to see the house. If I'm asked to do something that is inappropriate for me, then I will pass them on to someone else who doesn't need to be self-preservative.' His commissions include furniture for a 1938 Raymond McGrath house ('I refuse to do pastiche Art Deco'), and an inspired lime-green patinated copper-plated steel music stand. 'I couldn't make a one-off for the price (£3,500), so I made two and instantly sold the other for over £4,000.' He spends half his time doing commissioned work and the other half sponsoring himself to do speculative experiments. 'I can't expect a client to pay for all that when he commissions a piece.'

Most of the patrons I talked to are convinced of the need to give the makers a free hand within a brief, otherwise their heart goes out of the work and the result is lifeless. In contrast, Clive Wainwright, assistant keeper of furniture at the V & A, believes that makers have always been given tight commissions and, in fact, respond best to them. One of his own pieces, a desk by Hamburg maker Verena Wriedt (who trained with John Makepeace), is a successful illustration of how practical, contemporary pieces can harmonise with traditional interiors.

For a panelled dining room complete with original William Morris curtains, Cefyn Burgess produced a contemporary but accommodating woven jacquard upholstery textiles. For the chairs, he adapted the scale of one of his designs and the sample material to give the fabric the right rhythm and the appearance of silk with the strength of cotton.

The tradition of Bernard Leach continues in the work of many potters who aim to make workaday, practical domestic wares. What could be nicer

than eating off and drinking out of inexpensive hand-made and painted plates and cups? David Garland was delighted that my daily help insisted on putting his vase, emptied of flowers, under the kitchen sink with the Omo. Ironically, when the craft establishment decides that something is 'art', the consequent increase in market values makes people more nervous of using their pottery. My vase, bought for £25, is now probably worth several hundred.

Finally, you should bear in mind when considering the

cost that some objects are in media that requires high overheads and considerable time and artistic input. A case in point is Anna Dickinson's perfectionist and exquisite glass vessels, each one of which is the product of new thought and meticulous decoration in electroformed gold plate or patinated copper.

Addresses: Contemporary Applied Arts, 43 Earham Street, London WC2, 01-836 6993
Crafts Council, 12 Waterloo Place, SW1, information (Tuesday-Saturday) 01-930 4811
South Bank Craft Centre, Royal Festival Hall, SE1, 01-821 0850
Coteridge, 192 Piccadilly, W1.

Lucia van der Post is on holiday

Stars on sale

THE SALES start on Wednesday. Well before the doors open at 11 am, a small queue will have formed outside Smiths in London's Covent Garden. Its members will eye each other suspiciously, wondering who is the lover of English watercolours, who the collector of abstract sculpture.

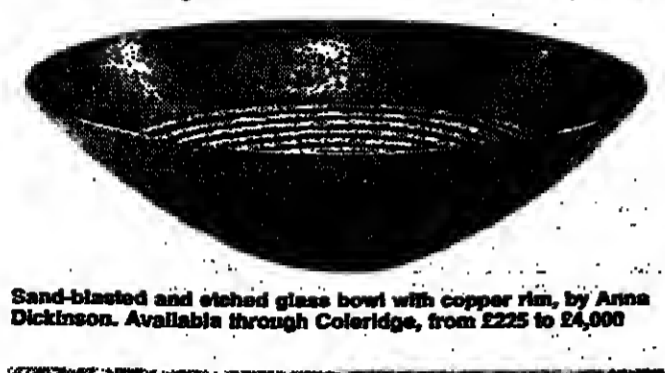
It is the start of four days of frenzied art-buying. It is the fifth annual Contemporary Art Society Market, the best opportunity to buy cheaply works of art both by established artists and by the most likely stars of the future. The CAS, a charitable institution lumbered with the thankless task of encouraging a love of contemporary art among the nation, organises the event. It also uses the money it makes from its 25 per cent commission, which should exceed £40,000, to buy modern art for distribution among the hundred museums and art galleries that make up its members.

Since the CAS obviously is a worthy organisation, artists like Allen Jones, Patrick Procter, Anthony Green, Anthony Caro and, for the first time, Peter Blake send in works which then are offered to the public for between £70 and £700. Where else are you likely to get a Blake collage for £700 or a Caro drawing of a nude, for the same sum? Procter's offering is particularly intriguing: he has unearthed some small drawings he made in 1858 and matched them with sketches of the same subjects drawn this year. The 'twins' each are packaged in one frame - for £700.

The wisest buyers go for the rising stars, the recent graduates of the art colleges who are selling for real but still charging £300 or less. There is Eliza Bonham Carter of the Royal College of Art, holder of the Prix de Rome; there are Harry McKeown and Fiona Burkey of Chelsea College, both runners-up in the recent £10,000 Barclays prize for London art school post-grads. (The winner, Mark Foulds, was asked to make an offering but his huge canvas proved too big, and too wet to handle). Another recent prize-winner, Jennifer Durrant, who collected the £25,000 Athena last month, is represented by four small works on paper, each priced at under £500.

The CAS ensures that not all the obvious goodies are on show the first morning. The walls are re-stocked as the buying roars on - last year, 30 works were sold on average every hour. This does not stop the keenest of the capital's art-buyers from arriving early to get first look. Even if you are not in the market for an original painting or drawing, the sale provides an excellent opportunity to get up to date with fashion in contemporary art.

Antony Thorncroft



Sand-blasted and etched glass bowl with copper rim, by Anna Dickinson. Available through Coteridge, from £225 to £4,000



Music stand of patinated copper-plated steel, anodized aluminium and laminated sycamore, by Fred Baier. £4,000



Jacquard hand and power-loom woven textiles by Cefyn Burgess. Available through the South Bank Craft Centre, from £45 per metre

Food for Thought Boston's half-baked beans

SOMEWHERE, there are some verses that describe the fair city of Boston as 'the town of the bean and the scrod'. Where the Lowell's talk just to the Cabots/ And the Cabots talk only to God' ... or something quite close to that.

I cannot comment on the social aspirations of that churning nautical but the lines neatly sum up its culinary heritage, to my thinking at least. In spite of waves of McDonalds, Burger King, Kentucky Fried Chicken and such like, beans and the scrod are still much in evidence.

However, having sampled both, I have a sneaking and probably unworthy feeling that those pinky types who carved out a new life in the wilderness that is Massachusetts on scrod and beans might well have preferred the hamburger. My admiration for many of the pillars of America's native cuisine is absolute - leaving aside the burgers, French fries, the milk shake, those absurdly overpriced

yukky ice-creams, and the mega-calorie hot fudge and whipped cream pies. But offer me a bowl of chile con carne and I will be your friend for life. I once ate four Maine lobsters at a sitting (I was young and callow then). As for Virginia ham, crawfish gumbo or pecan pie, just point me in the right direction. But the scrod and the Boston baked bean? Excuse me if I give them the nod.

To start with, scrod isn't scrod at all. It's cod, or possibly haddock, apparently. 'The story goes,' relates Alan Davidson in his indispensable North Atlantic Seafood (Penguin), 'that the Parker House, a famous old restaurant in Boston, always had the freshest fish of the day on its menu. However, the manager never knew which this would be on a

given day, so he invented the word scrod as a catch-all for any of the fish that was officially meant young cod, it is historically correct to use it for, for example, young haddock, too.'

What a swizz. I thought that I was in for a rare and unforgettable gastronomic experience. Instead, to describe as anemic the dish that was set before me in the No Name Restaurant in the heart of the fish market would be to give it rather too much credit. I give way to no-one in my admiration for the mature cod, but save the adolescent version for invalids. It was a pity, because other dishes at this splendid place spoke only of the finest and freshest ingredients cooked simply and gracefully.

At least I could digest the scrod. I was in trouble with

the city's eponymous baked bean dish.

Now, I am a bean man. Whether navy, lima, brown, black, blackeye or Borlotti, haricot or flageolet, cannellini or kidney, I am keen on beans. However, my admiration was caused to waver at the Boston baked bean. First, let me tell you what goes into it: according to James Beard in his magisterial volume American Cookery. He writes that you need 2 pounds (4 cups) pea beans; 1/2 pound or more of salt pork or pickled pork, the skin scored; 1 tablespoon salt; 1/2 teaspoon dry mustard; hot water and - here's the killer - 1/2 cup of maple sugar or syrup.

I can see why the notion might appeal to the family folk which got out in the boonocks in 1800-odd, with weeks between trips to town

to top up with life's little essentials. Beans, there are plenty of beans, and they are cheap. There's the pickled or salt pork that Grandma gave us, and the maple syrup comes straight from the tree.

Bung it in the pot and leave it in the oven for eight to 10 hours while we go off to track a deer or deal with those pesky varmints that keep stealing our chickens. And when we get back there it is, waiting for us - several platefuls of indigestible gunk, if the example through which I edged my way at Durin Park was anything to go by. I feel that those early settlers could have saved themselves a great deal of hardship by adding it to the next day's pig grill. They may have been tough, resilient folk but they



were no gastronomes. A crock of fibrous little pellets in a sweet gooey sauce is not in the same league as the rich, saturated, odoriferous cassoulet. Let me refer you to Mr Beard again: 'The worship of the Boston baked bean is a mystery to me, since my palate cannot reconcile the sweetness of syrup or molasses and the simple, hardy flavour of pork and beans.' Hear, hear. It's enough to make you reach for a tin of Heinz.

Peter Fort

Advertisement for Audemars Piguet 'The Automatic Chronograph' watch. The watch is shown with a detailed dial and leather strap. Text includes 'THE AUTOMATIC CHRONOGRAPH', 'Audemars Piguet', 'La plus prestigieuse des signatures.', and 'AVAILABLE AT: ASPREY, GARRARD, LONDON HILTON, MAPPIN & WEBB, DAVID MORRIS, TYME, THE WATCH GALLERY AND WATCHES OF SWITZERLAND.'

Advertisement for a bridge game. It includes a hand diagram with cards and a detailed text explanation of the game's strategy and rules. The text describes a hand where West leads a spade, South gets home easily, and the game concludes with West winning.

Advertisement for a bridge game. It includes a hand diagram with cards and a detailed text explanation of the game's strategy and rules. The text describes a hand where West leads a spade, South gets home easily, and the game concludes with West winning.

Advertisement for Christmas gifts. It features three separate offers: 1) 'WILD SMOKED SALMON' by Thomas Morphy, 2) 'CLAYSPOrts LTD' offering clay shooting classes, and 3) 'EXCLUSIVE MADE TO MEASURE BOOTS AND SHOES' by The Chelsea Cobbler.

ARTS

A thing of beauty

In a new series beginning today Robin Duthy sets out to build a collection of paintings and other works of art which he expects will rise in value over the medium-term, maybe sooner. His purchases are on paper only; items still for sale at the time of going to press are marked with an asterisk.

MY FIRST "purchase" was a Rembrandt Bugatti bronze. Two Hoges, from the Sladmore Gallery's exhibition of his work (32 Bruton Street, W1, until November 30). It is one of only five casts believed to have been made by the Hebrard foundry with which Bugatti signed contracts in 1904 at the age of 19. It was in that year too that he showed four plasterers at the Paris Salon and became a member of the Société Nationale des Beaux Arts.

At £25,000 the price was not unreasonable given that, as the show confirms, Bugatti's talent as an animal sculptor is unsurpassed. In a tragically short life - he killed himself in 1916 at the age of 30 - he moved beyond anatomical accuracy towards a more important truth about his subject.

In his last works, notably Sacred Hamadryas Baboon of 1910, Bugatti was moving, quite independently, towards a consideration of planes that shared some common ground with Picasso's cubist sculpture.

His style remained representational, yet there was a pioneering shift towards a more abstract and telling view of his subject. I should prefer to have "bought" one of these late works, which appear in the Sladmore show but only on loan, and may do so in time. At least I have a stake in the booming Bugatti market.

Prices at auction have shot up by nearly 400 per cent in just four years to an average of £23,000. Records are too thin to measure price movements over a longer term, though the rise since 1975 cannot have been less than 1,000 per cent.



Chinese pottery model of a duck, 2nd/3rd centuries AD.

last, the market is winnowing away the chaff. On November 15, I shall be "bidding" on a Renoir drawing of a Young Girl Arranging Her Hair* to be sold by Christie's in New York. At \$240,000 (£135,000) to \$280,000 the estimate for so rare and important a work is modest. It dates from around 1888 when Renoir had come to the conclusion (he was not alone in this) that his drawing left much to be desired.

After a trip to Provence with Monet in 1883, he began to explore the relationship between drawing and painting. The drawing now offered in New York is a glorious example of this phase. It is an unusually large fine, rare and highly finished work.

Since 1975 Renoir's work has risen in value by 770 per cent,



Reflections: Kilcock, by the artist Leitia Hamilton, off on board, signed and inscribed on reverse

an annual growth rate of 18 per cent. Prices marked time last year after a climb of 37 per cent between '86 and '87. That correction was perhaps to be expected and the outlook now - with the average price for a Renoir standing at £132,000 - is for slower growth.

My next "buy" was a glazed pottery duck* made in China around the third century AD (Han Dynasty/Six Dynasties). This I found at Barking in Mount Street, W1 - a shop with an intriguing range of European and Oriental furniture and works of art, all of it from the 17th century or earlier. For more than 2,000 years the Chinese have brilliantly captured in sculpture, as well as painting, the liveliness, simplicity and even the comic aspect of animals. At £10,000 this duck was not cheap but the modelling was fine and the greenish-gold glaze very attractive even after its long burial.

The Chinese ceramics market was jittery until two years ago, mainly on fears that the growing volume of tomb wares being spirited out of China would depress prices in the West. The more common human figures have been affected, but not works of this quality. Besides, the Chinese market has staged a good

recovery since 1986. Demand for the very early material has not been as strong as for the later dynasties, especially Ming and early Qing, but I expect prices for the better early wares to catch up one day.

Finally, at the Taylor Gallery in the Royal Arcade off Old Bond Street, I "bought" for £3,600 an enchanting street-scene, Reflections, Kilcock, Dublin by Leitia Hamilton (1977-1984). After 1980 she travelled and painted in France, Italy and Yugoslavia though her best work seems to have been done before leaving Ireland. She is represented in the National Gallery in Dublin and in the Ulster Museum in Belfast. From the 20 works sold at auction over the past five years - mostly for between £500 and £2,000 - she was clearly an uneven artist, yet the subtle, silvery tones of this little painting, measuring just 14 by 16 inches, have a special Irish magic. The surge of interest in Scandinavian and Scottish painting is now spilling over into Irish and prices for works of this quality should climb fast.

Robin Duthy, art market analyst, consultant and writer is author of two books, The Successful Investor and Alternative Investor.

View of panorama

THE NEW Barbican Exhibition, "Panorama," is an exciting tribute to two centuries of painting as spectacle. It shows how, before the cinema, the public flocked to see paintings of mammoth scale, exhibited in buildings designed to enhance their qualities of drama and trompe l'oeil.

The world "panorama" was invented in 1751 to describe a show introduced to London by Robert Barker, an Edinburgh portrait painter who had hit upon the idea of a painting that would continue unbroken around the inside of a huge cylinder. He discovered that this entailed considerable technical problems. Horizontal lines had to be distorted in order to appear straight.

In 1793, Barker erected a purpose-built rotunda for his panoramas in the angle of Cranbourne Street and Leicester Place, just north of Leicester Square in London. The huge cylinder still remains, housing the church of Notre Dame de France. Even the original entrance door in Cranbourne Street remains unchanged, crying out for conservation.

Barker's Panorama remained a favourite London attraction for 70 years and had innumerable imitators throughout Europe and America. In Paris, Napoleon was so impressed by the propaganda value of a panorama of the Battle of Wagram that he ordered the building of seven more along the Champs-Élysées - a scheme aborted by Waterloo, itself the subject of many panoramas.

The panorama set off a craze for optical shows of every type. The Cosorama was a new, sophisticated and artistic revival of the old-style peep show. Spectators lingered in elegant salons and peered through magnifying glasses at trompe l'oeil paintings of the great sights of the world.

In 1823, L. J. M. Daguerre - the future pioneer of photography - opened his Diorama in London. In this, vast paintings measuring 40ft by 70ft were

devised elaborately, with translucent areas that came to life as the illumination falling from front and behind was varied subtly by an intricate system of blinds and shutters.

Another variation was the moving panorama in which a painting of enormous length, showing successive stages of a journey or a narrative, passed behind a proscenium, as it wound from one huge roller to another. The system was ideal for showing coronation or funeral processions and became an indispensable feature of the Christmas panoramas at Drury Lane and Covent Garden.

The number of exhibits loaned by private collectors indicates how collector interest in the subject has grown. Three or four years ago, I wrote about panorama collectibles - the various panoramic toys for adults and children that were produced by the London print-sellers, playbills, prints and souvenirs of Barker's panoramas and its followers. Since then, a new "panorama" likely to be stimulated further by the Barbican exhibition - prices generally have risen appreciably.

Janet Marsh

CHESS For technical reasons we were unable to include the Chess column in this week's paper. It will be resumed next week.

CHRISTMAS is a coming. In less than 30 shopping days we shall all be sitting round the turkey wearing funny hats, pulling crackers and roaring for another mammoth of Babycham.

The video companies - who have a logic all their own - have chosen this moment to unveil all their new and old war movies. Perhaps they think rearmament is a good idea as Yuletide approaches. Perhaps in some circumstances they have a point. Warners lead the field with an 8-pack of British golden oldies, which show keep Grandpa and Grandma distracted on Xmas afternoon re-living The Dam Busters and Ice Cold in Alex. When not being plundered

Video War in the afternoon

Nigel Andrews finds the message this Christmas is rearmament

for TV lager commercials, these films are among the more stirring achievements of popular UK cinema. Stiffening their sinews and upper lips, an entire generation of British actors - Mills, Attenborough, Hawkins and Co - grew up wearing the dust of the trenches, the spray of the sea or the apres-goggles look of aerial combat (black grime in a wide circle round the eyes). You can even glimpse a younger generation actors cutting their first teeth on the gun-ho. Goodness - isn't that the young Michael Caine vix a Cheran accent as a Nazi soldier in Ice Cold in Alex? Younger folk in search of colourful warfare may be happier with a trio of Goldcrest epics: The Killing Fields, Rev-

lution and The Mission (all from Warners). These commemorate those halcyon days circa 1984 - when British cinema bravely went for broke, just before going almost literally broke. The three films may be flawed epics, but - especially with The Mission - there is at least the hum of mighty filmic ambitions wrestling in a mighty landscape. For youngsters, Warners play Father Christmas again and dispense a stockpiling of action. All four Supermans rush into the video shops, allowing your children to compare, with the connoisseurship of wine-tasters, early and late Christopher Reeve. RCA/Columbia also top on the fantasy-for-the-young wagon with the splendid RoboCop (robot policeman saves Los Angeles), and from GIC there is That Film. Yes, ET: the cuddly extra-terrestrial with the large telephone bill now appears legally, as opposed to piratically, on our video screens.

As well as the need for action and fantasy over Christmas, some will feel the need for intelligent adult entertainment. I recommend they take one Amadeus (Warners), one Moonstruck (MGM/UA), one Someone To Watch Over Me (RCA/Columbia) and up to several BBC Shakespeare plays. Now video-issued, these Bardic telethons are full of stellar moments: from Sir Michael Hordern quavering nobly as King Lear to John Cleese in best fault-finding form as Petruccio in The Taming Of The Shrew. Amadeus has glitter, if not great substance, in Patricia Vnn Brandstein's 18th-century-Vienna sets and in Tom Hulce and F. Murray Abraham's performances. Moonstruck's comedy of Italian-American manners has a fizzing script and an Oscar-winning Cher. Finally, no Christmas is complete without a dog. You do not have one? Fear not. Video Dog (Castle Vision) is here: a 20-minute cassette which comes complete with video dog licence and owner's manual. "Love dogs - but think they're too much work!" asks the burb. Video Dog will sit, beg, run, roll over and even fetch your newspaper. "Grooming" is easy too. Just freeze-frame, adjust the colour and definition and away you go. The mind boggles. What next? Video Cat? Video Wife? Video Husband? Video Baby? ("No messy pregnancy and delivery, just freeze-frame, adjust the colour and...") It is a new era. Pass the remote control module, Scotty, and beam me into Video-land.

Advertisement for Playhouse Theatre featuring Sunday and Saturday performances with actors like Prunella Scales, Ian Richardson, and Alan Bates.

Advertisement for Seatfinders offering best seats for various events including Phantom of the Opera and The Proms.

Advertisement for Art Galleries featuring a variety exhibition at the Hungarian Embassy and other art-related events.

Advertisement for the October Gallery featuring a special limited edition of the prints from RALPH RUMFORD's original of his new book THE BIG I AM.

Advertisement for Gala Champagne Dinner Concert at Otto's House, featuring Schubert at the piano and other musical performances.

Advertisement for Sir Colin Davis conducting the London Symphony Orchestra, featuring Mendelssohn and Schubert.

Large advertisement for the Royal Opera production of Manon, including performance dates and box office information.

Advertisement for ENO's Spring 1989 Subscription, offering flexible schemes and savings on opera tickets.

ARTS

ON THURSDAY the Minister for the Arts, Mr Richard Luce, delivered the goods...

The day of self-sufficiency dawns

Three-year funding has transformed the role of the Arts Council. Antony Thorncroft reports.

tal in establishing a new climate, hardly anyone in the arts world now thinks that the Government owes them a living.

Urban Renaissance project and the Percent for Art idea: there is the Affinity card scheme (which brings in the banks as arts funders), and there is Upstart Productions...

projects, which has been adopted by by cities like Birmingham and Sheffield. One thing that should interest him as a property developer is the search for new Arts Council offices...

With this dependency battle apparently won what is the next challenge for the household to his newly-arrived sister in law. "My mother was dead."



Delivering the goods: Arts Minister Richard Luce

Arts Council? With the Minister's support it will take a tougher line on clients who perform badly, both artistically and financially.

Radio

Life after the Apocalypse

THE "NUCLEAR winter" has become one of those catch-phrases people use casually in talk about the prospects of atomic warfare.

There would be a 50-90 per cent depletion of the ozone layer, so when the clouds cleared the sunlight would be so ultra-violet-enriched that we could not bear it on our skin...

B.A. Young

WE TAKE evil too much for granted. It twines insidiously round our everyday lives like a poisonous vine...

Alternatively, evil can be so blatant that its impact can be blunted with familiarity. Thus, for his production of Macbeth at Manchester's Royal Exchange, Graham Murray...

There is a great moment exactly half-way through Michael Billington's authorial biography of Dame Peggy...

Evil, ancient and modern

Martin Hoyle reviews Macbeth and The Homecoming



David Threlfall and Frances Barber in Macbeth at the Royal Exchange, Manchester

of the cast are already transfixed by the shaft of blinding light pouring on to the stage.

with the RSC's current production, the play runs without an interval. For most of the two and a quarter hours the acting style is muted and inti-

mate, with moments of paradox when the loudest shouting and most ferocious intensity accompany the least sincere statements - sound and fury signifying untruths, in fact.

Radiant soul of theatre

Billington of his smaller self? "I don't know. I can only record that it seemed so at the time."

She has been, in the author's fine phrase, "an exemplar of female constancy," the best possible argument for continuity and now, subsidy in our theatre.

saw the actor on stage. Dame Peggy has always fiercely defended her privacy and will not talk about her three marriages to publisher Rupert Hart-Davis, Russian director Komisarjevsky and barrister Jeremy Hutchinson.



Dame Peggy in "Happy Days"

graph on them. Within two days she had telephoned me at home and given me a choice of three dates for our interview.

mannerism. Billington ingeniously juxtaposes their views with others' and meditates in retrospect on Dame Peggy's stage persona, listing as notable attributes her tonal precision, her capacity for emotional identification, her surface restraint that conceals strong passion, and her detestation of vulgarity.

There she was again, in at the beginning of a second act commencing with a cruel blow to all connoisseurs of fine shoulders, milk white and sexually eloquent.

Habsburg, Feldman FINE ART AUCTIONEERS



Auction Calendar November-December 1988

- Geneva, Hotel Hoge Hilton November 14: Art Nouveau/Art Deco November 15: Jewellery from the Geneva Chauxet Boutique...

art market 700 works by living artists for sale between £70 and £700

CASH IN YOUR RARE STAMPS Experts from Stanley Gibbons Ltd. will be at Palmers Hall, 9 Little Trinity Lane, London EC4...

Pick of the week at Christie's Portrait of Empress Marie Josephine by Pierre Louis Bouvier (1766-1836), signed and dated 'Geneva 1812', 92mm diam.

CHRISTIE'S 8 King Street, London SW1 85 Old Brompton Road, London SW7 164-166 Bath Street, Glasgow

SPORT

Springbok shadow over cricket tours

"I SHALL never again equal the thrill I got when carrying my cricket bag up my very first line of gangway..."

I would hate to see English cricket bulldoze its players' consciences and forbid its individuals as well as its national team...

had to be revised and there was rising and riotous all over the country...



The Postage Stamp hole at Troon, a time-honoured Scottish course

An obsession best forgotten

The design of US golf courses needs a major rethink, says Ben Wright

AS A comparatively recent recruit to the golf course development business in the US, I find modern architectural techniques more fascinating...

That jokes were cracked about Pete having single-handedly put the American railway system out of business...

Birmingham, Alabama, is high on my list of the 10 best modern designs, and Dye's Harbour Town is perhaps the outstanding flatland classic of the modern era...

never too large (unlike so many today, which makes both for extreme ugliness and high maintenance costs).

For instance, I well remember my first meeting with that eccentric and erratic architectural genius, Pete Dye, at Harbour Town Links...

Dye and his rivals started shifting so many million cubic tons of earth to create their plastic-looking masterpieces that construction and maintenance costs soared out of all proportion...

However, it is the ridiculous obsession with what is imagined to be "Scottish" that has caused a rash of truly laughable courses bearing no resemblance whatsoever to the originals...

Recent trends in American design that are most admirable and should be encouraged world-wide are multiple tees - at least four per hole to encourage women, children and the elderly...

Dye had just returned from Scotland after one of many trips he made across the Atlantic in that and the previous decade with his wife, Alice...

They often demand the toughest course either in the world, the country or the state, totally disregarding the fact that only the elderly, and often the weaker and infirm, can afford to live in close proximity to, and play, these monstrosities...

For instance, the Nicklaus-designed Desert Highlands in Scottsdale, Arizona, has very little grass apart from tees, fairways and greens...

Likewise, sand bunkers with sand only on a flat base, rather than all the way up the face, also make for considerable savings...

Throughout the length and breadth of America they created deep grass bunkers, pot bunkers, humps and hollows and absurd "chocolate drop" mounds...

As green-keeping technology has improved by leaps and bounds in the US, greens have grown ever faster in pace...

The crying need the world over is for public courses, though, and such budgets obviously are out of the question at such facilities...

Practice facilities are becoming larger and more comprehensive as the golf boom accelerates. At one of the clubs of which I am part-owner, our uphill eight-acre practice ground has nine greens at which to aim...

Thankfully, there are many more American and European architects whose philosophy has always been to create courses for the maximum enjoyment of the majority...

Dye (along with, although so far to a lesser extent, Nicklaus) has done much fine work that does not fall into that plastic and largely unplayable category...

Donald Ross from Dornoch and his urbane countryman, Dr Alister Mackenzie, largely adapted their designs to the beautiful contours of the magnificent tracts of land they inherited...

India is particularly sensitive about this, as if it can go some way towards absolving the worst aspects of its own caste system by dissociating itself from cricketers who have had anything to do with South Africa's colour caste system...

The sleepers were used in their tens of thousands, largely to shore up tees and bunkers and contain sometimes huge man-made lakes and ponds...

As green-keeping technology has improved by leaps and bounds in the US, greens have grown ever faster in pace...

What I would like to see in America, and to a lesser extent in Europe, is an end to over-watered greens and the restoration to an honoured place in the game of the pitch and run shot...

More recently, the last Indian tour, in 1984-85, got one stage further than abortion at conception and was nearly called off within hours of the start...

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CROSSWORD

No. 6,778 Set by GRIFFIN Prizes of £10 each for the first five correct solutions opened.

Crossword puzzle grid with numbers 1-31 and letters A-Z.

- 1 Volunteers contributed to gift (6) 2 Seat of unusual charm on display (3) 3 Surrounding one in ten BMA members (7) 4 Brilliant student has answer to ten minus one (7) 5 Demanding nothing out of store (4) 6 People have seen eagles flying around (10) 7 Fame of owner spread north (6) 8 Boss means to make progress (7) 9 Teach form about man being an animal (7) 10 Girl embracing serviceman causes chest pains (6) 11 Picture sick American arranging treat (10) 12 Flock of leading competitors' clobber (4) 13 Staff getting the sack left (7) 14 Master with body of dog (7) 15 In Chester water organised races get less (6) 16 Thrifty girl is after new fur (3) 17 DOWN 1 Masters rest individually during rest break (9) 2 Litter bin at Rhyll, mazer (3) 3 He's the one turning left (4) 4 Robbed of key, deliverer switches outside (6) 5 For chap starting deliveries in Advent it's advantageous (10) 6 Jack Lee ordered a tree (5) 7 Redhead gets heart trouble (6) 8 Additional article in bold (5) 9 Brushes win prize (10) 10 Settling for a luminary in Gateshead (9) 11 Justice and nurse turn up in bazars (8)

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Solution and winners of Puzzle No.6,766

Mr J.R. Bell, Haslemere, Surrey; Mr C.H. Card, Worthing, West Sussex; Mrs B.J. Carter, London N12; Mrs M. Whitley, Buntingford, Herts; Mrs J.E. Wright, Northampton.

TELEVISION & RADIO

SATURDAY

Television and radio schedule for Saturday, including BBC1, BBC2, LONDON, ANGLIA, CENTRAL, CHANNEL 4, GRANPIAN, GRANADA, HTV, SCOTTISH, TSW, and TYNE TEES.

SUNDAY

Television and radio schedule for Sunday, including BBC1, BBC2, LONDON, ANGLIA, CENTRAL, GRANPIAN, GRANADA, HTV, SCOTTISH, TSW, and TYNE TEES.

Television and radio schedule for Sunday, including BBC1, BBC2, LONDON, ANGLIA, CENTRAL, GRANPIAN, GRANADA, HTV, SCOTTISH, TSW, and TYNE TEES.

Handwritten Arabic text at the bottom of the page.